As of 11 a.m. ET **DJIA** 10452.99 ▲ 0.003% **FTSE 100** 5313.00 ▼ 0.27% **Nikkei 225** 9977.67 ▲ 3.84% **Shanghai Comp.** 3264.63 ▼ 0.16% **Hang Seng** 22553.87 ▲ 1.19% **Sensex** 17185.68 ▲ 0.09% **S&P/ASX 200** 4774.59 ▲ 0.26%

**Serious screen time: 'Tis the season for grown-up movies**
WEEKEND JOURNAL W8

**The case against another four years for Bernanke**
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# Vanke sees China bubbles

By Jason Dean

BEIJING—The head of China's biggest property developer warned that real-estate bubbles in some of China's biggest cities could spread elsewhere in the country, with potentially damaging consequences for the market.

In an interview, Wang Shi, chairman of **China Vanke** Co., said government stimulus measures enacted a year ago to keep China's economy from being sucked into the global recession have helped to cause a fundamental turnaround in a property market that was severely ailing before the global financial crisis hit.

While the resulting price rises this year haven't been excessive so far in most Chinese cities, Mr. Wang said, the increases in places like Beijing, Shanghai and Shenzhen have been surprisingly sharp.

Nationwide, "things haven't risen to a property bubble yet," said Mr. Wang, who founded his company 25 years ago and has built it into the biggest housing developer in one of the world's fastest-growing housing markets. But "in individual cities, and in some of the main cities, there is clearly a bubble. There's no doubt about that ... I'm very concerned." Mr. Wang said he fears the trend could "infect second-tier cities, which would be similar to the nature of the Japanese bubble decade" that imploded in the early 1990s.

Mr. Wang's remarks are some of the strongest cautionary statements in a growing debate about renewed dangers of speculation in the property market, which has been one of the most robust

*Please turn to page 16*

## Bernanke defends U.S. Fed

Agence France-Presse

Federal Reserve Chairman Ben Bernanke, center, tells the U.S. Senate Banking Committee, including Sens. Christopher Dodd, left, and Richard Shelby, that the central bank must remain independent. During his confirmation hearing, Mr. Bernanke said the crisis could have been worse and also acknowledged mistakes. **Page 7 (See updates at WSJ.com)**

# Beijing raps global banks on losses

BEIJING—A Chinese economic official blamed "fraudulent practices" at some international investment banks for large losses incurred by Chinese state-owned companies on derivative contracts, in the government's strongest criticism yet of the role played by foreign banks.

Li Wei, a vice chairman of the State-Owned Assets Supervision and Administration Commission, cited contracts tied to energy prices sold by banks including **Goldman Sachs Group** Inc., Merrill Lynch & Co., and **Morgan Stanley** to aviation and shipping firms.

Mr. Li, writing in the latest issue of the Study Times, a newspaper published by the Party School of the Central Committee of the Communist Party, also criticized **Citigroup** Inc., along with Merrill Lynch and Morgan Stanley, for developing "extremely complicated" derivatives products that were hard to understand.

He said 68 state-owned enterprises incurred combined book losses of 11.4 billion yuan ($1.67 billion) on 125 billion yuan worth of derivatives investments by the end of October last year. Foreign investment banks were the "chief culprits" behind the huge losses, he said.

Between June and August last year, when global oil

*Please turn to page 16*

# Mitsubishi mulls Peugeot deal

Auto makers **PSA Peugeot-Citroën** of France and **Mitsubishi Motors** Corp. of Japan are talking about a possible capital tie-up, as they try to muscle up to expand in emerging markets.

*By **Sebastian Moffett** in Paris and **Ayai Tomisawa** and **Yoshio Takahashi** in Tokyo*

The announcement, six months after PSA appointed a new chief executive, comes as both auto makers face diminished growth prospects in their home markets. At the same time, the industry's technology changes and potential sales in developing economies provide big opportunities.

The auto makers said in a statement they would continue work together on electric cars, four-wheel-drive vehicles and a joint venture in Russia.

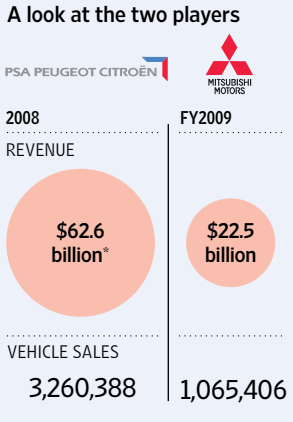
PSA, France's largest maker, posted an operating loss of €826 million ($1.24 billion) in the first half of 2009 and expects to only break even for the full year. That is despite a French government subsidy for car purchases; the subsidy's phase-out next year is expected to hurt sales. Despite strength in small- and medium-size vehicles, PSA is weak in other areas. Its sales are overwhelmingly in Europe, where the vehicle market isn't expected to return to precrisis levels for several years.

Mitsubishi has a greater range of vehicles, including minicars, SUVs and an electric car, and is also present in the U.S. and Asia. But it made just 1.3 million vehicles in 2008.

Combining PSA's volume—it produced 3.3 million vehicles last year—with Mitsubishi's range of technology and markets could make for a

*Please turn to page 16*

### Teaming up?
**A look at the two players**




Note: Fiscal year ended March 31, 2009 in Mitsubishi data
*Automobile division revenue
Sources: the companies

## Online Today

**The Artisan Issue:** Made-to-measure suits, unique vacations, custom kids' cars and bespoke gifts **WSJ.com/Magazine**

## In Depth

Tehran goes global with its crackdown as Iranians at home and abroad attack its legitimacy. **Pages 12-13**

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# PAGE TWO

## What's News—

* * *

*Business & Finance*

■ **GM and SAIC are set** to expand their partnership beyond China by setting up a joint venture in India, possibly to broaden GM's product line there. The move takes Chinese state-owned SAIC to one of the key battlegrounds where established global auto makers are competing for market share. **17**

■ **China stepped up pressure** on excess capacity in the steel sector, signaling its intention to more quickly eliminate obsolete capacity and diminish its role as a top global supplier. **3**

■ **The world's largest miners** are pushing for increases of 10% to 25% over last year's contract prices for iron ore and coal. **18**

■ **Shell has pulled out of talks** to join Sinopec and Kuwait Petroleum in a Chinese refinery project estimated to cost $9 billion. **17**

■ **U.S. stocks slipped** on a report of declining growth for the service sector. Japan's Nikkei rose 3.8%, with Mitsubishi Motors surging on news it is in talks with France's PSA about a capital tie-up. **23**

■ **Many U.S. retailers'** November sales results missed analysts' muted expectations. The industry eked out a slight increase from prior-year levels. **19**

■ **Sony's CEO said** the electronics giant must blunt the impact of a strong yen by continued streamlining even after it completes its current restructuring plan. **9**

■ **A group led** by two former Ford executives submitted a revised bid for the auto maker's Volvo unit in hopes of beating out a rival offer by China's Geely. **18**

■ **AIG said it chose Hong Kong** as the listing venue for its Asian life-insurance unit, in the clearest sign yet that it will go ahead with the IPO of up to $10 billion. **21**

■ **Bank of America reached** an agreement to repay $45 billion in bailout funds and escape pay restrictions and other curbs imposed by the U.S. government. **21**

■ **Goldman Sachs**, trying to ward off a shareholder backlash over its record-high compensation pool, has begun meeting with major investors to convince them that its pay levels are reasonable. **21**

■ **Concord Medical Services** aims to raise as much as $158.7 million through a listing on the NYSE next week. The Chinese firm is banking on the diagnosis and treatment of cancer. **22**

■ **South Korea's antitrust** regulator approved the planned merger of three telecom units under LG Group, paving the way for mobile operator LG Telecom to compete better against its bigger rivals. **19**

■ **Spanish bank BBVA said** it has decided to raise its stake in China Citic Bank to 15% for about $1.5 billion as it seeks to benefit from growing trade between Asia and Latin America. **19**

* * *

*World-Wide*

■ **A suicide bomber killed** several Somali government ministers and at least 19 students, in an attack showing al Qaeda's influence.

■ **New jobless claims in the U.S.** fell again last week, in a surprise to economists. Continuing claims increased. **7**

■ **Japanese firms' capital outlay** declined 24.8% in the latest quarter as a rising yen and signs of deflation pushed managers to hold off on new investment. **4**

■ **The ECB announced** small steps toward gradually withdrawing liquidity programs to combat the credit crunch. **7**

■ **India will review next month** its economic-growth forecast for the fiscal year ending in March, after growth rose sharply in the July-September quarter. **6**

■ **Bank Indonesia kept** its benchmark interest rate unchanged at 6.5% and said the outlook for Southeast Asia's largest economy is robust. **4**

Agence France Presse

Nepalis view Mount Everest from Shyangboche, some 140 kilometers northeast of Kathmandu, on Thursday. Nepal's cabinet plans to hold a meeting Friday on a plateau 5,262 meters high, in the shadow of Mount Everest, to draw attention to the effects of global warming ahead of a key climate-change summit in Copenhagen.

## ONLINE TODAY

### Most read in Asia

1. E-Readers May Hold More Surprises
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3. Opinion: Pervez Musharraf: The Afghan-Pakistan Solution
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5. Hong Kong Becomes Asian Wine Hub

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4. Climate Scientist Steps Down
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### Speakeasy

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Beyoncé and Taylor Swift led contenders for the 52nd Grammy Awards when the nominees were announced in Los Angeles.

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### China Real Time

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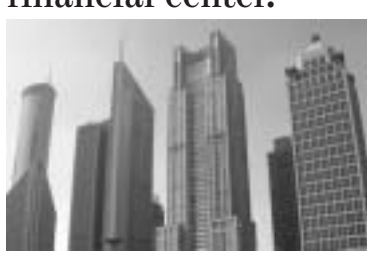
The Shanghai government is heading to North America seeking foreign expertise to help it turn the city into a global financial center.



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WORLD NEWS

# China pushes to slice steel capacity

*Beijing expects to accelerate shutdowns of obsolete factories in the sector; cuts to come as prices and demand rise*

By Chuin-Wei Yap And Andrew Batson

BEIJING—The Chinese government stepped up the pressure on excess capacity in the steel sector, signaling its intention to more quickly eliminate obsolete capacity and diminish the country's role as a top global supplier.

The government is likely to shut plants with 16 million metric tons of annual capacity this year, said Jia Yinsong, an inspector at the raw-materials department under the Ministry of Industry and Information Technology.

While China has regularly talked about the need to cut capacity in the steel sector, the latest target on containing overcapacity suggests the government wants to move faster to achieve its goal.

In March, Beijing said it was planning to close down plants with an annual capacity of 25 million tons by the end of 2011. If the newly stated 2009 target is achieved, it would mean accomplishing more than half the three-year goal within the first year itself.

The latest salvo appears to have a macroeconomic objective as well.

China's leadership has repeatedly said it will continue policies to stimulate the economy, despite worries that measures to boost growth could be leading to new bubbles and wasted investment.

Last week, the European Union Chamber of Commerce in China warned that stimulus funds were being used to build unwanted factory capacity, which could cause a surge in trade disputes if Chinese companies' products are then dumped on the world market.

According to the Ministry of Industry and Information Technology, China has new steel plants with an annual capacity of about 58 million tons under construction, while existing capacity, estimated at 660 million tons, represents an excess of nearly 200 million tons over current domestic demand.

The government is reluctant to take broad measures that would slow down the entire economy, but has responded to those concerns by trying to overhaul industries where problems may be emerging. Officials have focused on steel, cement and plate glass, among other industries.

But it is less clear that China can effectively prevent its mills from churning out products to sustain profitability, as the industry emerges from steep losses after the financial crisis.

Crude steel output touched records this year, with the latest monthly posting in October reaching the second highest in history at 51.75 million tons, up 42% compared with a year earlier. August crude steel production holds the record at 52.33 million tons. "Steel prices have been on a rebound, so we can't expect big cuts in production, and it's obvious that demand is increasing," said Xie Zhaowei steel analyst for Great Wall Futures.

The China Iron and Steel Association last month estimated crude steel output this year would reach 565 million tons, in line with the 570 million tons projected by Xu Lejiang, chairman of China's top steelmaker, **Baosteel Group** Corp., at an industry conference Thursday.

If achieved, 570 million tons of output this year would still mean a 14% increase compared with 2008. By October, the country already had produced 472.5 million tons of crude steel.

On Thursday, Xiong Bilin, an inspector at the National Development and Reform Commission's industry-coordination department, suggested Beijing could be happy with a smaller steel industry—a significant shift for a country that produces half the world's steel. "China should not be a [key] supplier of steel in the world because our current resources and energy situation does not allow that," he said. "So it should be reasonable [for China] to import a small amount of steel."

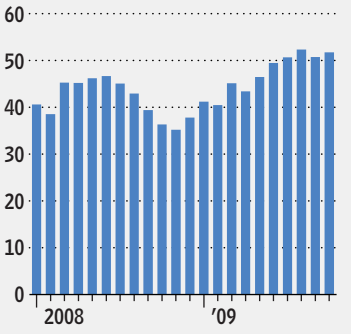
*—Li Liu and Juan Chen contributed to this article.*

Reuters

A steel and iron factory in Hefei, in China's Anhui province.

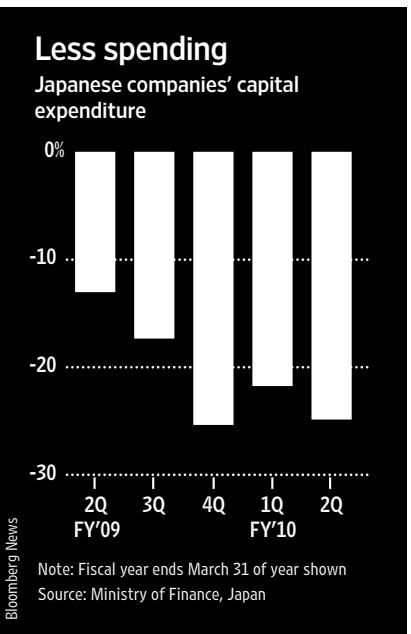
**A need for reins**

China's crude steel production, in millions of metric tons




Source: World Steel Association

Robots work on the body of a Nissan car at a plant in Japan.




# Japan capital outlays plunge 24.8%

*Deflation worries prompt delays in new investment in the September period, the 10th consecutive quarterly decline*

By Takashi Mochizuki

TOKYO—Japanese companies' capital expenditure fell at a faster-than-expected pace of 24.8% from a year earlier in the quarter ended September, as a rising yen and signs of deflation prompted managers to hold off on new investment, data released Thursday showed.

The data mark the 10th straight quarterly decline in such outlays, after showing a 21.7% drop in the April-June period.

The Ministry of Finance's data are used to revise gross domestic product figures, and the weak investment numbers mean that Japan might sharply cut its GDP reading from the previous figure of 4.8% annualized growth during the third quarter. That could put pressure on Japan's government and central bank to take more steps to alleviate the effects of deflation and a strong yen.

Naoki Tsuchiyama, a market analyst at Mizuho Securities, forecasts that the revised third-quarter GDP figures due out Dec. 9 will show a much slower annualized growth rate of 2.5%.

Deflation tends to weigh on capital spending because corporate loan obligations increase on a real basis, forcing managers to focus on repaying debt, while a strong yen hurts sentiment in Japan's export-reliant corporate sector.

Japan's government is in the midst of planning an economic stimulus package of more than seven trillion yen ($80 billion) to protect the economy from deflation and a rising yen. The Japanese currency rose to a 14-year high of 84.82 yen to the dollar last week.

For the same reason, the Bank of Japan offered Tuesday to inject as much as 10 trillion yen into the money market. Capital spending, which accounts for around 15% of GDP, isn't likely to recover much while managers are worried about falling prices and the yen, analysts said.

"If I were an executive in charge of capital expenditures at a firm, I wouldn't increase spending much for the time being as the recently rising yen makes the outlook very unstable for the export-reliant economy," said Norio Miyagawa, an economist at Shinko Research Institute.

The finance ministry's data showed that investment in the manufacturing sector fell at a record 40.7% pace, while outlays by automakers, whose bottom line is highly sensitive to exchange rates because of their reliance on exports, tumbled 59.7%.

Other parts of the data highlighted how the Japanese corporate sector is continuing to struggle due to the economic slump. Companies' overall sales fell 15.7%, the seventh consecutive quarter of decline, while their pretax profits dropped 32.4% to mark the ninth straight quarter of decreases.

Analysts said that while good numbers came from some sectors, those might not be positive news for the overall economy. For example, the leasing industry's profits rose 57.1%, but that was partly a result of cost-cutting by laying off workers, which could weigh on consumer sentiment.

Sales in the food industry inched up 0.4%, but that rise appeared to be the result of consumers cooking more at home rather than dining out, a government official said.

Japan officially declared last month that it is in deflation, and the central bank expects price falls to last for the next few years. The latest core consumer-price index fell by 2.2% in October.

# India to cut emissions growth

By Eric Yep

Associated Press

Indian Environment Minister Jairam Ramesh, second from left, is shown with Prime Minister Manmohan Singh at a climate-change conference in October.

MUMBAI—India is ready to cut emissions intensity 20%-25% by 2020, but won't accept legally binding targets, raising chances next week's global summit on climate change won't yield definitive results.

India also won't accept an agreement that stipulates the setting of a "peaking year" for emissions, Forests and Environment Minister Jairam Ramesh said Thursday while outlining India's strategy ahead of the United Nations climate-change conference in Copenhagen.

A peaking year implies the setting of a date beyond which a nation must begin reducing emissions.

"There is no question of compromising on these two non-negotiables," the minister told lawmakers, adding these issues were "complete dark, red lines."

Mr. Ramesh's statements come on the heels of pledges made by China and the U.S. last month to reduce emissions. China and the U.S. are the world's largest emitters of greenhouse gases; India is fourth.

India opposes binding carbon-emissions cuts at the cost of slowing economic growth. Mr. Ramesh said the emissions-reduction targets were voluntary and unilateral, and don't depend on the outcome of the summit.

"India, of all the 192 countries in the world, owes a responsibility not to the world but to itself to take climate change seriously," he said.

The minister outlined a series of measures by which India proposes to meet its target on reducing emissions intensity, or the amount of carbon dioxide emissions per unit of gross domestic product.

Mr. Ramesh said proposals will be made to legislate mandatory fuel-efficiency standards for all vehicles by December 2011, and mandatory green building codes will be recommended to states and municipal administrations.

India will also make amendments to the Energy Conservation Act to enable emissions-intensity reductions and report regularly on the state of the country's forests, he said.

"We will ensure 50% of all new [power plant] capacity will be based on clean-coal technology that will substantially reduce $CO_2$ emissions from our power plants," Mr. Ramesh said.

"This target puts pressure squarely back on industrialized country leaders," said Martin Kaiser, climate-policy director at Greenpeace International.

More than 100 nations are set to gather in Copenhagen from Dec. 7-18 to attempt to draft a new accord to tackle global warming beyond 2012.

# Indonesia says outlook robust, inflation in check

By Farida Husna And Reuben Carder

JAKARTA—Bank Indonesia kept its benchmark overnight rate unchanged at 6.5% during a rate review Thursday, and said the near-term outlook for Southeast Asia's largest economy is robust while inflation remains well contained.

The central bank's rate decision and economic forecast underscore the fast-improving macroeconomic backdrop in Indonesia and abroad, and should allow domestic financial assets to continue gaining, analysts said.

But they warned that given the prospect of rising consumer prices next year, Bank Indonesia's efforts to tame inflation will be key in complementing the government's pro-growth measures.

Bank Indonesia said it kept the rate unchanged in line with "efforts going forward to target lower inflation while also taking into account economic recovery efforts."

The central bank reiterated a previous statement that economic growth is likely to reach between 4% and 4.5% this year before rising to 5%-5.5% next year and 6% or higher in 2011. The economy expanded 6.1% in 2008.

Meanwhile, the consumer-price index this year is likely to rise 3.5% or less, it said, before picking up to 4% to 6% in 2010.

Fourteen regional economists polled by Dow Jones Newswires had unanimously forecast the central bank to keep the rate steady.

Bank Indonesia had so far cut the key rate three percentage points in the current cycle, with the most recent cut coming in August.

The CPI rose 2.41% in November from a year earlier, which analysts said was the slowest pace of gain in close to a decade, while prices declined 0.03% from a month earlier. The CPI had climbed 2.57% year-to-year and 0.19% month-to-month in October.

Market participants said that while the rate decision and forecasts were within expectations, they were likely to support further gains in local assets, which have benefited from improved investor sentiment as the domestic economy has weathered the global downturn relatively well.

Indonesian shares have gained more than 80% since January while the rupiah has risen more than 15% against the U.S. dollar.

Markets weren't immediately moved by the rate announcement. Jakarta's benchmark index rose 1.2% Thursday, in line with gains around the region. Goldman Sachs said the rupiah is likely to strengthen to 9,300 against the dollar over the next three months.

# 12 reasons to celebrate World AIDS Day.

Today, thousands of HIV-positive mothers will give birth to HIV-negative babies.

It's all thanks to simple outreach and a short course of antiretrovirals.

We run programs like these for our employees and families in Angola, Nigeria, Indonesia, and other places we work and live.

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# India bank to revisit growth forecast

*Economy was expected to grow 6% in fiscal year, but faster-than-expected quarterly jump to prompt a January review*

MUMBAI—India's central bank will revisit its economic growth forecast for the fiscal year ending in March when it meets to review monetary policy in January, top officials said after growth rose sharply in the July-September quarter.

*By **Subhadip Sircar, Mukesh Jagota** and **Prasanta Sahu***

"We will revisit that number [6% with upward bias] in our January policy," Reserve Bank of India Gov. Duvvuri Subbarao said Thursday at a program in a village in the eastern state of Orissa.

In the July-September quarter, India's economy grew 7.9% from a year earlier, data released Monday showed. A Dow Jones poll of 13 economists had forecast 6.3% growth.

Deputy Gov. Usha Thorat, speaking at an economics seminar in New Delhi, reiterated Mr. Subbarao's views. "Recovery is still fragile and that was one of the arguments given for continuing with the accommodative stance. That was the factor that was weighing with us at the time of October policy. Clearly now, going forward, it will have to be reassessed," she said.

Economic growth during the July-September quarter was led by manufacturing, mining and social spending, which rose on the back of government stimulus measures. A protracted slump in exports has also been averted, with the pace of decline slowing.

However, growth would have been substantially lower had it not been for the 30% jump in government spending, a sign that the recovery is still not on its own legs.

Prime Minister Manmohan Singh's top economic adviser, C. Rangarajan, said the economy will expand closer to 7% during the current fiscal year. The Prime Minister's Economic Advisory Council's official forecast is 6.5%.

Most brokerages and banks upgraded their GDP forecast following release of the July-September numbers. Standard Chartered Bank raised its forecast to 6.8% from 6.4%.

Inflation will remain the key factor in deciding the timing for exiting the economic stimulus, policy makers said. "Food prices must be controlled, otherwise they have a tendency to lead to manufacturing inflation. That will require monetary action," Mr. Rangarajan said.

A shortage of key cereals and pulses has pushed up consumer price inflation to double digits. "Consumer price inflation is still elevated. This will be with us," Ms. Thorat said.

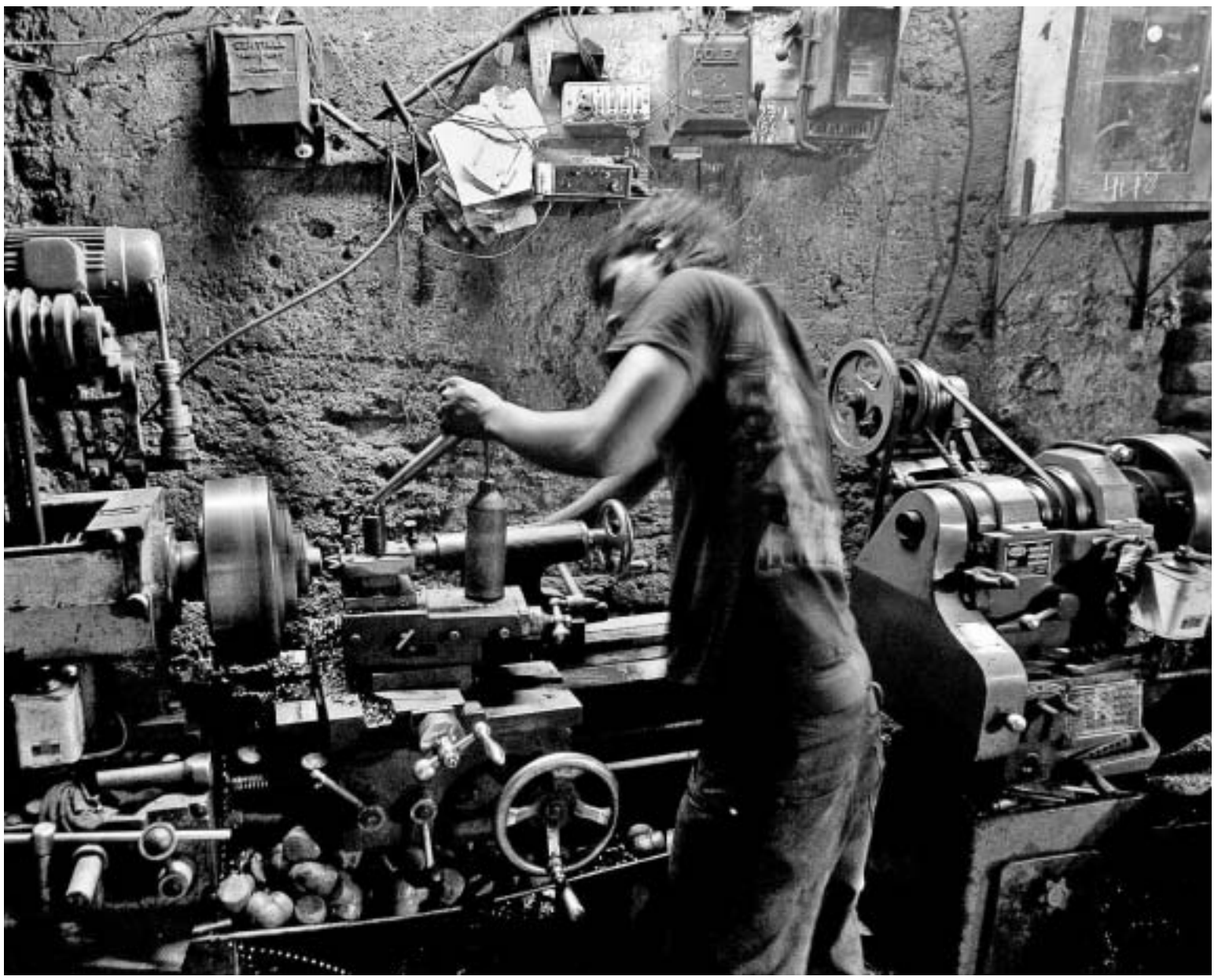
India's food price index was up 17.47% in the 12 months to Nov. 21, while the fuel index was unchanged, the government said Thursday.

The RBI has so far held off from raising interest rates, but took a first step to tightening in October when it asked banks to set aside more government bonds against deposits. "Monetary policy exit is a challenge. Managing the crisis was easier than managing the recovery," Ms. Thorat said.

However, most analysts believe India will be among the first to join Australia, which has been the only Group of 20 country to raise rates so far.

India's central bank may have to increase interest rates to contain inflation, the secretary-general of the Organization for Economic Cooperation and Development said Thursday. "The Reserve Bank of India has begun the process of tightening," said Angel Gurria in New Delhi, adding, "perhaps further tightening may be warranted before we see prices slackening."

Mr. Gurria said the OECD advises member countries not to exit accommodative stances too fast. "When in doubt, stay a little longer, because it is better to err on the side of staying with the stimulus a little longer than exit too soon, because dynamics of the recovery are still a little weak," he added.



Reuters

India's annual industrial output growth probably cooled in September but was still robust on festival demand. Above, a mechanic works at a Mumbai metal workshop.

# China buyers lift Christie's sales

**By Laura Santini**

HONG KONG—Hong Kong's luxury auction scene has bounced back strongly, according to **Christie's** Inc., after a five-day sale of fine wines, Chinese paintings, watches and jewelry raised US$212.5 million.

The presence of mainland Chinese buyers in many of the categories drove prices, in some cases, to record levels, the auction house said. In the Asian contemporary art and Chinese 20th century art category, the average lot value jumped 26% above prices fetched at Christie's sale last spring. The auctions wrapped up on Wednesday.

"Buyers were much more concerned about value in the downturn," said Andrew Foster, president of Asia at Christie's. "Now, Hong Kong is leading the global recovery in the art and auction markets." Chinese art, however, may be near a peak, he said.

For some artists, the winning bids set new records. "Vertige Neigeux" by Chinese painter Chu Teh-Chun sold for $5.9 million, the top-selling price for a work by the artist. The piece consists of white brushstrokes as abstract representations of snowflakes. Mr. Chu's work reflects the twin influences of Chinese calligraphy and abstract expressionism, a style he encountered in France when he studied there in the 1950s.

Another painting of Mr. Chu's garnered $947,000—more than three times the high estimate.

Non-art luxury items also drew big buyers. A top-selling colored diamond called "The Vivid Pink" sold for a $10.8 million, a record for a gemstone of its kind. Christie's declined to comment on published reports that the diamond's buyer—who bid via telephone—came from mainland China.

Mainland bids poured in for the sale of fine red wines from France's Bordeaux and Burgundy regions. The auction house said wine demand from the mainland was up about 10% from a year ago, with bidders from Hong Kong, Taiwan and the mainland accounting for 85% of the sales in dollar terms.

Four cases of Chateau Lafite-Rothschild vintage 1982, a favorite of mainland drinkers, went for 312,000 Hong Kong dollars, or $40,258.

Reuters

Christie's Hong Kong auction of wines, Chinese paintings, jewelry raised $212.5 million.

WORLD NEWS

# Lawmakers chide Fed, not Bernanke

*U.S. central bank chief, up for a second term, draws personal praise, but senators call for curbs on regulator's powers*

By Luca Di Leo And Michael R. Crittenden

WASHINGTON—U.S. senators criticized the Federal Reserve but offered measured support for the central bank's leader in a confirmation hearing Thursday.

Members of the Senate Banking Committee signaled at a hearing that Fed Chairman Ben Bernanke is likely to be confirmed for a second term as head of the central bank. But that may come at a steep price—lawmakers said the Fed had "failed" or done a "horrible job" as a regulator in the runup to the mortgage meltdown and financial crisis, and suggested they would push ahead with a proposal that would strip it of much of its regulatory authority.

For his part, Mr. Bernanke acknowledged that the central bank made mistakes, saying the Fed hadn't done a "perfect job" at regulating excessive risk-taking in the financial sector. The Fed chief's initial term officially expires Jan. 31. He was nominated for a second term by President Barack Obama in August.

Sen. Christopher Dodd (D., Conn.) said that Mr. Bernanke's reappointment would send the right message to financial markets and that he had done a "very good job" at the helm of the central bank.

But those compliments weren't extended to the central bank itself. "Why should I give an institution that failed...that type of exclusive authority?" Mr. Dodd asked, referring to proposals to broaden the Fed's role as a financial regulator.

Mr. Dodd's Republican counterpart, Sen. Richard Shelby of Alabama, said he has traditionally held the Fed in high regard but that the central bank's actions over the last year had eroded his view.

"I fear now, however, that our trust and confidence were misplaced," Mr. Shelby said.

The comments highlight the disconnect in Washington between opinions of Mr. Bernanke's leadership during the financial crisis and a growing skepticism about the central bank's wide-ranging authority to respond in times of financial stress.

Agence France-Presse/Getty Images

U.S. Federal Reserve Chairman Ben Bernanke testifies at a Senate hearing on his confirmation.

Since the end of 2007, Mr. Bernanke's Fed has used extraordinary powers in a bid to prevent another Great Depression, including the bailout of big financial companies together with the Treasury that has put U.S. taxpayers' money at risk.

Lawmakers from both parties have praised Mr. Bernanke's performance—likely assuring him a second four-year term as chairman—but at the same time have proposed cutting the Fed's powers and opening up the central bank to broader government audits. Some lawmakers have even said they want new blood at the helm of the central bank.

"You are the definition of a moral hazard," said Sen. Jim Bunning (R., Ky.), a longtime Fed critic. "I will do everything I can to stop your nomination and drag out this process as long as I can."

Mr. Bernanke has aggressively defended the Fed, and on Thursday told lawmakers that the central bank needs to retain broad authority to take an overarching view of financial markets.

"It would be a tragedy if, after all the hardships that Americans have endured during the past two years, our nation failed to take the steps necessary to prevent a recurrence of a crisis," Mr. Bernanke said. "And, as we move forward, we must take care that the Federal Reserve remains effective and independent."

Mr. Dodd agreed that the Fed should remain "strong and very, very independent" but said the way to do that is to remove the central bank's ancillary powers such as bank regulation. "The country is best served by a strong focused central bank, not one that is saddled with too many diverse missions," Mr. Dodd said.

Mr. Bernanke, however, countered that similar efforts in other countries put those central banks at a disadvantage at the height of last year's financial crisis. "The inability to have complete information greatly hampered the function of those central banks," he said.

Congress is working on legislation that would cut the Fed's powers, including proposals to audit the central bank's interest-rate decisions, weaken its regulatory powers over banks, and reduce the role of private bankers in the 12 regional Fed banks.

Mr. Bernanke said the Fed's structure of 12 regional banks was of great help during the crisis and noted how Congress in 1978 decided to exempt the central bank from an audit on its interest-rate decisions to avoid political pressure.

*—Greg Robb contributed to this article.*

# U.S. jobless claims fall again

By Sarah N. Lynch And Jeff Bater

In a surprise to economists, the number of U.S. workers filing new claims for jobless benefits fell again last week in a sign that labor market conditions may be starting to improve.

Total claims lasting more than one week, however, increased.

Meanwhile, the U.S. service sector's recovery sputtered out in November as activity tipped back into negative territory after two months of expanding activity.

Separately, U.S. productivity rose last summer less than previously estimated, but the fourth straight gain was still powerful as companies wrung more work from remaining personnel to lift earnings.

Also Thursday, many U.S. retailers reporting November sales results missed analysts' muted expectations, and the industry as a whole eked out a slight increase from year-earlier levels. (Please see related article on page 19.)

Initial claims for jobless benefits fell by 5,000 to 457,000 in the week ended Nov. 28, the Labor Department said in its weekly report Thursday. The previous week's level was revised to 462,000 from 466,000. This represents the lowest figure for claims since September 2008, and it is the second consecutive week so far in November that claims have remained below the 500,000 mark. It also marks the fifth week in a row that initial claims have fallen, according to Labor Department data.

Economists surveyed by Dow Jones Newswires had predicted an increase of 19,000 initial claims.

The four-week moving average of new claims, which aims to smooth volatility in the data, declined by 14,250 to 481,250 from the previous week's revised average of 495,500. That is the lowest figure since November 2008.

Economists at Wrightson ICAP and JP Morgan Chase & Co. had both predicted recently that claims would rise due to the Thanksgiving holiday. Still, J.P. Morgan noted that claims are on a "steady downward trend" and Wrightson ICAP said it expected a "very large decline" in initial claims for the week ending Dec. 5.

In the Labor Department's Thursday report, the number of continuing claims—those drawn by workers for more than one week in the week ended Nov. 21—rose by 28,000 to 5,465,000 from the preceding week's revised level of 5,437,000.

Separately, the Institute for Supply Management reported Thursday that its overall index of non-manufacturing activity came in at 48.7 last month, from 50.6 in October, while the business activity/production index came in at 49.6, from 55.1. The overall index had been expected to come in at 51.5, according to economists.

The ISM's non-manufacturing index is comprised mostly of the service sector activities that make up a strong majority of total U.S. economic activity. The report comes on the heels of the ISM's manufacturing report from earlier in the week. That release showed continued growth in the factory sector, and while the expansion cooled from October, economists nevertheless said the composition of growth suggested continued activity gains over coming months.

"Respondents comments remain cautious about business conditions and reflect concern over the length of time for economic recovery," said Anthony Nieves, who directs the survey for the ISM.

Meanwhile, non-farm business productivity during the third quarter was revised lower, to an annual rate of increase of 8.1%, the Labor Department said Thursday.

The revised data also showed unit labor costs, a sign of inflationary pressures, didn't fall as sharply as earlier thought. Higher labor costs are bad for company profit margins but the stronger household income they suggest is good for the economy.

Originally, Labor estimated third-quarter productivity surged 9.5%. Economists surveyed by Dow Jones Newswires had predicted the earlier estimate would be adjusted to an increase of 8.5%.

# ECB takes steps to limit credit-easing programs

By Christopher Emsden And Geoffrey Smith

FRANKFURT—European Central Bank President Jean-Claude Trichet announced small steps toward very gradually withdrawing the extraordinary liquidity programs put in place to combat the credit crunch in the euro zone.

Mr. Trichet said the ECB would continue to ensure that banks can raise as much funds as needed while Europe's economy slowly returns to health.

The ECB left its key interest rate unchanged at 1%. But Mr. Trichet said six-month refinancing operations would end in March, and this month's 12-month refinancing operation, which offers unlimited funds, will be offered at a rate indexed to relevant market rates. Previously, the ECB had been offering these funds at a fixed rate.

The shift, which amounts to an incipient exit strategy from the ECB's unconventional policy measures to combat the credit crisis, had been partially signaled by Mr. Trichet and other ECB officials in recent weeks.

The ECB expects the euro-zone economy to grow at a "moderate pace in 2010" but that expansion is likely to be uneven as well as highly uncertain, Mr. Trichet said.

He also said interest rates remain "appropriate" at current levels amid subdued inflationary pressures. Mr. Trichet also released the ECB's new staff projections, marking up its growth outlook for next year from the 0.2% forecast issued in September.

Euro-zone gross domestic product will likely contract 4% this year, but then grow at 0.8% in 2010, according to the midpoint of the new projections.

The 2010 projection "is a sign that three-month [Euribor] rates should move higher much sooner" than expected, said Erik Nielsen, European economist for Goldman Sachs.

Short-term yields on German bunds, a proxy for where investors think market rates are heading, rose sharply Thursday, to as high as 1.4% from 1.29% at the beginning of the day.

"Trichet was certainly more hawkish than many had expected judging by the market reaction," said Orlando Green, a fixed-income strategist at Calyon in London.

However, Mr. Trichet's assurance that "liquidity will remain very abundant" capped the spike in short-term yields.

The last 12-month long-term refinancing operation will be offered in December, Mr. Trichet said. Borrowing costs at that tender will be indexed to the ECB's main refinancing operations, the traditional one-week liquidity tenders, he said.

# *Obama sets Afghan action as Americans turn inward*

[ Capital Journal ]

By Gerald F. Seib

President Barack Obama faces lots of problems in executing his new Afghanistan strategy, but here is a basic one: He is trying to ramp up an operation abroad at a time when an economically weary country is growing more isolationist.

That helps explain why Mr. Obama has declared so explicitly that the Afghan surge will be strictly limited in duration. In a conversation with columnists this week, he said his two-year timetable is needed to create leverage with the Afghan government to force it to prepare quickly to take over. It is also clear the president needs some leverage with his own people, many of whom want to simply look the other way.

That picture—of a recession-battered American public turning inward—emerged Thursday in a broad new survey of American attitudes conducted by the Pew Research Center and the Council on Foreign Relations. Pew and the Council found, as have other recent polls, that support for bulking up the force in Afghanistan is low; only a third favored adding troops.

*Barack Obama*

Broader and more striking is the discovery of a marked rise in isolationist sentiment, which by some measures stands at a four-decade high. When Americans were asked whether the U.S. should "mind its own business internationally," 49% said they agreed with that sentiment. That is up sharply from 30% in 2002, when memories of the Sept. 11, 2001 terrorist attacks were fresh, and is the highest reading found since the Gallup Survey first asked the question in 1964.

And here is one detail that has to be of concern to the White House: More than half of Mr. Obama's Democrats—53%—share the "mind our own business" sentiment, compared with 43% of Republicans.

A corollary of that isolationist sentiment is a feeling that, when the U.S. does travel abroad, it should do so on its own. Pew and the Council found that 44% agreed that because the U.S. "is the most powerful nation in the world, we should go our own way in international matters, not worrying about whether other countries agree with us or not." That also is the the highest reading on that question since it was first asked in 1964.

The silver lining for Mr. Obama as he undertakes his new Afghan policy is that foreign-policy elites—that is, Council of Foreign Relations members, who were surveyed separately—are considerably more supportive of the Afghan surge and far less inclined toward pulling in America's horns.

The broader reality, though, is that the president is asking the country to support an expanded military effort abroad, along with allied nations, at a time when the country is less inclined to expand efforts abroad, and less inclined to do so in partnership with other countries.

To some extent this isn't surprising, nor is it entirely unexpected at the White House. In that luncheon conversation with columnists, Mr. Obama said it was "painfully clear" that the troop surge in Afghanistan wasn't politically popular. "Not only is this not popular," he said, "but it's least popular in our own party."

Isolationist sentiment grows naturally in America when the country is battered economically, which is precisely what happened after the Great Depression. The trend is especially acute when an economic drubbing occurs after the country already has been made weary by foreign conflicts. The combination of the Vietnam War, an oil shock and stagflation in the 1970s produced a similar rise in public doubts about whether America could or should be a world leader.

And it is understandable. Wars cost money, which Americans don't think they have right now. What Mr. Obama is trying to do is tack toward that sentiment enough that voters know he feels it, without succumbing to it. It is a balancing act not unlike the one Ronald Reagan pulled off with a defense buildup and confrontation of the Soviet Union during the deep recession of 1981 and 1982.

The more frightening prospect may be that this kind of isolationist sentiment is often accompanied by its first cousin, protectionist sentiment. That is the narrative of the Great Depression, in a nutshell.

Yet on this front, the survey by Pew and the Council carries some surprisingly good news. It finds support for free trade holding up pretty well, despite the economic carnage of the last year.

Indeed, Americans today are more likely to say that free-trade agreements are good for the country (43%) than to say they are bad for the country (32%). And they are more likely to say that trade is good than they were in April 2008, when more Americans said free trade was bad than good for the country. Andrew Kohut, head of the Pew Research Center, calls the uptick in support for free trade "amazing."

That is still less support for free trade than Americans voiced in the fat-economy period of the late 1990s. But it certainly doesn't represent the collapse of support some have anticipated. Maybe that finding will give politicians who support free trade a bit more courage in their convictions. Yet it also raises a question: Have American attitudes toward trade fundamentally changed because of the global economy—or has the protectionist sentiment just not surfaced yet?

Associated Press

U.S. soldiers patrol in Kabul on Wednesday. The U.S. has more than 68,000 military personnel in Afghanistan, while other coalition partners have 38,000.

# Obama plan draws flak

*Time limit on Afghanistan surge upsets both critics and supporters*

By Jonathan Weisman And Yochi J. Dreazen

A day after President Barack Obama laid out his plan to send at least 30,000 more U.S. troops to Afghanistan, his promise to begin withdrawing them as soon as July 2011 had become as divisive as the surge.

Republican critics said setting a firm date for starting a troop withdrawal encourages the enemy to simply wait out the U.S. efforts, and many officials in Afghanistan agreed, calling the timeline unrealistic. Some Democrats were concerned the deadline wasn't firm enough, and that a sizable force still would be left in Afghanistan indefinitely.

In Pakistan—a key ally in the fight against al Qaeda—officials said the timeline raises fears that the U.S. would only drive insurgents across the border into their country, and then withdraw. And it emerged Wednesday that U.S. Defense Secretary Robert Gates initially was skeptical of the timetable; administration officials said he agreed after securing flexibility to adjust the pace of withdrawal according to the situation on the ground.

In all, the exit strategy, which Mr. Obama pushed to pressure the Afghan government and make the troop plan more palatable, threatened to become the biggest obstacle to gaining broad support for escalating the war.

The Obama administration nevertheless also won support as it began selling its new strategy to a skeptical Congress. North Atlantic Treaty Organization Secretary-General Anders Fogh Rasmussen said European nations will next year send at least 5,000 more soldiers "and probably a few thousand on top of that."

Rep. John Murtha (D., Pa.), chairman of the House Appropriations Defense Subcommittee, told reporters Wednesday he expected the administration to submit a $40 billion supplemental spending bill next year to fund the new troop surge, and that it would almost certainly pass.

Senior military and defense officials said Mr. Gates received presidential authorization to send an additional 3,000 reinforcements to Afghanistan without further White House approval, enabling him to deploy a total of 33,000 new troops if he feels they are needed. The authorization hasn't been publicly announced.

The timeline has emerged as the linchpin in Mr. Obama's strategy to quickly turn the tide against insurgents, pressure Kabul to do its part and win over Americans skeptical of any escalation nine years into the conflict. Mr. Obama told reporters before his Tuesday speech that the timetable was essential to show the Afghan leadership that it must move fast before the U.S. loses patience with the struggle.

The plan calls for 30,000 fresh troops to be deployed by next fall, and start returning less than a year later. That should provide "sufficient time in order to train Afghan national-security forces to assume control of providing security," White House spokesman Robert Gibbs said Wednesday.

That argument was repeated from Kandahar to Capitol Hill Wednesday, by Mr. Gates, Gen. Stanley McChrystal, commander of allied forces in Afghanistan, and Adm. Mike Mullen, chairman of the Joint Chiefs of Staff.

The withdrawal timeline doesn't apply to the 68,000 U.S. troops there now, or other troops under NATO command.

Still, Mr. Gates found himself trying to clarify the justification for the timeline, how firm it is, and what might change it. He said the "surge" troops could remain in Afghanistan longer if the U.S. and its allies failed to reverse the Taliban's recent gains. "If circumstances dictate in December, I think the president always has the freedom to adjust his decisions," he told the Senate Armed Services Committee.

The decision to set a date originated in the White House, administration officials said. Mr. Gates's doubts were overcome only after he secured language ensuring that the pace and endpoint of the withdrawal would be based on security conditions, the officials said.

Gen. David Petraeus, head of U.S. Central Command, on MSNBC on Wednesday, spoke of "tension" between military requirements and domestic demands. "I think you heard some tension last night, understandable, between the desire to win the war, if you will, to achieve objectives on the ground, to do it as rapidly as we possibly can, to deploy as quickly as possible," he said. "And then that other dynamic, again, understanding the challenges at home."

Mr. Obama had been concerned about the lack of a timetable to begin withdrawal since Gen. McChrystal presented his recommendations for a 40,000-troop buildup this summer, according to people briefed and involved in internal deliberations. A compromise presented to the White House in October—backed by Mr. Gates—foresaw a surge of 30,000 to 35,000 U.S. troops, with a review of the deployment set for December 2010. It didn't contain a publicly declared drawdown date, according to a person familiar with the plan.

But frustration was boiling over in the run-up to Mr. Obama's trip to Asia last month. On Nov. 10, cables leaked from Karl Eikenberry, the U.S. ambassador to Afghanistan, suggested that any troop increase would encourage complacency in a Kabul regime bedeviled by charges of corruption and vote-rigging.

At a critical war-council meeting the next day, Mr. Obama told his team he wanted to move in troops more quickly, and a plan for getting them out. He was irritated by a Pentagon timetable, requested by National Security Adviser James Jones, that showed the deployment wouldn't be completed until the end of 2010. The president and Vice President Joe Biden said a faster schedule would allow the administration to set an earlier withdrawal.

The initial proposal set July 2011, two years after deployments to Helman province this past summer, as the time to begin transferring security responsibilities to the Afghans. But it set no conditions on the withdrawal of U.S. forces, White House and Pentagon officials said.

TECHNOLOGY

# Stringer says Sony must adapt more

*CEO sees some brisk early holiday sales but plans to streamline further as Japan giant combats weak U.S. dollar*

By Daisuke Wakabayashi And Yuzo Yamaguchi

TOKYO–Saying **Sony** Corp. has to make its own destiny, Chief Executive Howard Stringer said the electronics giant must blunt the strong yen's impact by continued streamlining even after it completes its current restructuring plan.

He also said initial holiday-season sales were brisk for the PlayStation 3 game console, flat-panel televisions and Vaio computers, but he cautioned that it was too early to judge whether that demand is sustainable.

Mr. Stringer spoke to reporters Thursday for the first time since laying out a plan two weeks ago for turning around the struggling electronics maker by coupling Sony's various electronics hardware products with an online service to deliver video, music and games to those devices.

The U.S. dollar's decline against the yen is another obstacle for Sony at a time when it is undergoing a major restructuring aimed at returning the company to profit. The strong yen also hampers Sony's ability to compete against Asian rivals, because parts bought in yen drive up the costs of its finished goods sold abroad.

Mr. Stringer said the company has adjusted to current dollar-yen levels through a combination of currency hedging, parts procurement in U.S. dollars and by reducing its costs, the bulk of which comes from its Japanese operations.

"What you've seen the company do is adjust to the harsh realities of this circumstance," said Mr. Stringer.

Mr. Stringer said one way to combat the yen's rise is to continue to lower Sony's costs even after it completes its current round of restructuring, which has included factory closings and cutting nearly 20,000 jobs.

Agence France-Presse/Getty Images

Sony Chief Executive Howard Stringer said the company has adjusted to the 'harsh realities' it faces.

"We have to make our own destiny and we have been doing things that we don't like," said Mr. Stringer. "I think you don't stop doing that. You have to be efficient constantly."

Sony expects to lose money again this year with a net loss forecast of 95 billion yen ($1.1 billion) in the fiscal year ending March 31, 2010. It has based those full-year estimates on a foreign-exchange rate of 90 yen to the dollar.

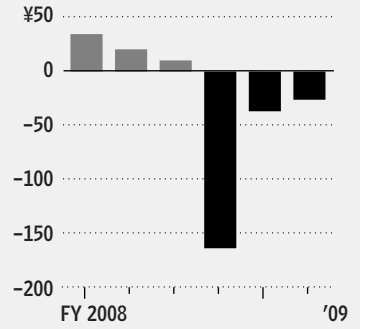
Late Thursday in Asia, the dollar was trading at about 87.82 yen, a weaker level than in previous days. Shares of Japanese exporters leaped as a result. Sony's shares jumped 6% to 2,475 yen.

Osamu Hirose, an analyst at Tokai Tokyo Research Center, said the strong yen erodes Sony's competitiveness since three-quarters of its sales come from outside of Japan.

Mr. Hirose believes Sony will "lose ground" against South Korean rival **Samsung Electronics** Co. when Sony starts procuring liquid crystal display panels this month from fellow Japanese company **Sharp** Corp., a yen-denominated arrangement. Sony says the new joint venture assures a steady supply of high-quality panels.

**Crawling back**

Sony's profit/loss, in billions of yen




Note: Fiscal year ends March 31 of years shown
Source: the company

# Dell to sell PC factory to Taiwan's Foxconn

Reuters

Michael Dell entered the retail PC markets and began cutting costs after returning as CEO in 2007.

By Justin Scheck

**Dell** Inc. said it reached a deal to sell a personal-computer factory in Poland to Taiwanese electronics giant Foxconn, a division of **Hon Hai Precision Industry** Co.

Terms of the deal, in which 1,600 Dell employees will be transferred to Foxconn, weren't disclosed. Foxconn will continue building Dell computers at the plant, Dell said. A Dell spokesman declined to comment on whether the Round Rock, Texas, company would close or sell other plants.

The deal is the latest example of how Dell has abandoned its once industry-leading strategy of building PCs to order in its own factories.

While that structure helped Dell become the world's largest PC maker by volume at one time, the company has struggled in recent years.

Since 2006, Dell has been outpaced by rivals **Hewlett-Packard** Co. and **Acer** Inc., whose outsourced manufacturing operations have become cheaper and more efficient than Dell's.

"They've been trying to get rid of plants for some time," said Shaw Wu, an analyst at **Kaufman Bros**. who said the deal is "positive" for Dell since owning factories can be a drain on PC makers' bottom line. "It's just become overhead for them."

In addition to getting rid of the Poland plant, Dell this year has closed its factories in Ireland and North Carolina. Last year it closed a plant in Texas. A Dell spokesman said the company still has factories in Texas, Brazil, China, India and Malaysia.

Dell's direct sales model-in which the company took orders online and only started building PCs after they were paid for-originally resulted in huge amounts of cash and fast growth. But in 2005, PC sales growth shifted from commercial buyers to consumers, who tend to buy in retail stores where Dell had no presence.

Competitors like H-P also found that by outsourcing PC production to Asian manufacturers like Foxconn, they could build huge volumes of PCs for retail stores more cheaply than they could on their own.

Dell, meanwhile, kept committing to new factories in the U.S. and Poland and resisted entering retail markets. Sales and profits began lagging; Dell is now the world's third-largest PC maker behind H-P and Acer.

To revive the company, founder Michael Dell returned as chief executive in early 2007, entered the retail PC market and started cutting costs.

Last year, Dell began trying to sell its factories. But that became difficult after the markets crashed in late 2008. PC sales shriveled, making PC factories an unattractive investment for buyers.

In January, Mike Cannon, Dell's production chief who Mr. Dell recruited to overhaul the company's manufacturing, left Dell

In the ensuing months, Dell closed its Ireland plant and moved production to Poland.

Dell has pushed into new markets in recent months. In September, it reached a deal to buy tech-services firm **Perot Systems** Inc. for $3.9 billion.

Since then, Dell has announced that it will enter the smart-phone market.

# The Bernanke Record

Federal Reserve Chairman Ben Bernanke faces his Senate renomination hearing in Washington Thursday, amid signs that the confirmation skids are greased. We nonetheless think someone should say that, as a matter of accountability for the financial crisis and looking at the hard monetary choices to come, the country needs a new Fed chief.

We say this not because of Mr. Bernanke's performance during the financial panic of 2008, for which he has been widely and often deservedly praised. Like others in the regulatory cockpit at the time, he had to make difficult choices with imperfect information and when the markets were shooting with real bullets.

He supplied ample liquidity when it was most needed last autumn, and he has certainly been willing to pull out every last page of the central banker playbook. If some of those decisions were mistakes, the conditions the Fed faced were extraordinary. Anyone at the helm would have made calls that in hindsight he'd regret.

The real problem is Mr. Bernanke's record before the panic, with its troubling implications for a second four years. When George W. Bush nominated the Princeton economist four years ago, we offered the backhanded compliment that at least he'd have to clean up the mess that the Alan Greenspan Fed had made. That mess turned out to be bigger than even we thought, but we also didn't know then how complicit Mr. Bernanke was in Mr. Greenspan's monetary decisions.

> Will he repeat the mistakes of his four years?

Now we do, thanks to the release of the Federal Open Market Committee transcripts from 2003. They show (see "Bernanke at the Creation," June 23, 2009) that Mr. Bernanke was the intellectual architect of the decision to keep monetary policy exceptionally easy for far too long as the economy grew rapidly from 2003-2005. He imagined a "deflation" that never occurred, ignored the asset bubbles in commodities and housing, dismissed concerns about dollar weakness, and in the process stoked the credit mania that led to the financial panic.

This, too, might be forgivable if Mr. Bernanke had made any attempt in recent months to acknowledge the Fed's role in the mania. Treasury Secretary Tim Geithner, Dallas Fed President Richard Fisher and others have conceded that monetary policy was too loose. How central banks can minimize, if not prevent, asset bubbles without inducing recessions would seem to be a subject for candid Fed debate.

But Mr. Bernanke and Vice Chairman Don Kohn have formed an intellectual moat around the Fed, blaming the credit bubble on the "global savings glut" that they themselves helped to create. They are the Edith Piafs of central banking, regretting nothing.

All of this bears directly on how the Fed will operate over the next four years. We are now in another period of extraordinary monetary ease. Mr. Bernanke is assuring the world that, this time, he knows how and when to start removing this stimulus, even as he also promises that the Fed will remain easy for months to come. The guideposts the Fed claims to follow on policy—the jobless rate, "resource utilization"—also remain the same. Price signals, especially the value of the dollar, count for much less in this Fed's decision-making.

Earlier this decade, the Fed had 20 years of sound-money history as a source of credibility. The world's investors were willing to give the Greenspan Fed the benefit of the doubt—too much doubt as it turned out. But now, after the mania and panic, investors are unlikely to show such forbearance. That's already clear in Asia, where the falling dollar is creating monetary distortions, and investors are bidding up assets and currencies on a bet that the dollar is in for further declines. Sooner rather than later, Mr. Bernanke will have to tighten money even if the U.S. jobless rate remains higher than everyone would like.

The Fed chairman has shown he knows how to ease money, and creatively so. But that is the easy part of his job. The hard part, the time when central bankers earn their fame, is when they have to take the money away. We see little in the chairman's policy history or guideposts to suggest he will be willing to endure the criticism that will come with tightening money amid a lackluster recovery, if that is what is required to protect the dollar or prevent an inflation outbreak.

The political irony today is that even as Mr. Bernanke is cruising toward confirmation, the Fed as an institution is under its most sustained political attack in two generations. The political class is especially riled about the Fed's forays into fiscal policy. While that is understandable given the last year, the response to this action should not be to put the Fed under even greater political control from Congress. That is the Argentinian solution.

The better response is to hold policy makers accountable for their actions, including chairmen of the Federal Reserve. At this monetary moment more than any since the late 1970s, the Fed needs a hard-money chairman with the courage and credibility to resist the temptation to escape from the consequences of the last bubble by floating another one.

# After the Sri Lankan Surge

While Washington debates President Obama's Afghan surge, another country not so far away offers a glimpse of the importance, and benefits, of getting it right. No, we don't just mean Iraq. Look also to Sri Lanka.

That island nation is just starting to recover from a 26-year civil war, which the government in Colombo won in May when it crushed the last remnants of the neo-Marxist Liberation Tigers of Tamil Eelam. Colombo's year-long military offensive against the Tiger terrorists was controversial abroad and costly in blood and treasure on both sides at home.

The most obvious green shoot is the presidential election due for January 26. President Mahinda Rajapaksa called the vote two years earlier than expected hoping to ride a wave of majority-Sinhalese nationalism back into office. Instead he's facing a surprise challenger in General Sarath Fonseka, the military commander who won the war.

Neither candidate is perfect by a long stretch, but the mere fact of competition could benefit ethnic minorities. With Mr. Rajapaksa and Gen. Fonseka splitting the Sinhalese vote, each candidate will need to court Tamils and Muslims.

This is creating political incentives to hasten resettlement of the upward of 250,000 Tamils displaced by fighting in the Northern Province earlier this year. Roughly half of those have already returned home from the refugee camps, according to the United Nations. The government this week finally allowed greater movement in and out of the camps for those who remain.

Meanwhile Tiger extremists no longer menace moderate Tamils, who used to face regular intimidation. Incentives are now better aligned on all sides to resolve longstanding, legitimate Tamil grievances, such as Sinhalese preferences in university places and exclusion of Tamils from the police.

Whether the January vote will be free and fair is an open question. But the country is closer to resolving its problems than at any time since the Tigers started fighting in 1983. Sri Lanka isn't exactly analogous to Afghanistan. But the island does demonstrate the benefits of defeating terrorists on the battlefield.

# Japan Money Flood

There are many ways to fight deflation by stimulating economic activity; a government can cut taxes, free trade or liberalize labor markets. Or, if you're Japanese Prime Minister Yukio Hatoyama, you can just force the central bank to pump money into the economy to keep interest rates low and facilitate lavish public spending programs to buy off voters.

That's the message from Tokyo, where Mr. Hatoyama met with central bank governor Masaaki Shirakawi Wednesday and later said the two "share the same view; that is, we must get out of deflation as soon as possible." Also Wednesday, the Bank of Japan injected one trillion yen ($11.5 billion) into money markets. Tuesday, the BOJ announced a new 10 trillion yen loan facility for banks—equivalent to 2% of GDP.

This is the resuscitation of so-called "quantitative easing," a policy of flooding the economy with money in the hope that someone will use it. Under the new plan, the central bank will accept everything from government bonds to corporate bonds as collateral against ultra-cheap, three-month loans. That should make Japanese banks happy, even while it degrades the central bank's balance sheet.

> The central bank is aiding and abetting political goals.

Tokyo's last major foray into quantitative easing—in the earlier part of this decade—showed that the policy will do little to stimulate economic activity unless banks can find something productive to do with their money. That's hard to do in today's Japan, where firms are struggling with the effects of a rising yen, sagging domestic demand, burdensome taxes and a thicket of regulations. The BOJ nodded in particular to the rising yen in its statement Tuesday, noting "recent international financial developments and foreign-exchange market instability might post adverse effects on economic activity."

The appreciating yen is hard for Tokyo to control, given that it stems from the U.S. Fed's easy money policies back in Washington. But it gives plenty of fodder for Mr. Hatoyama and his DPJ colleagues to call for public-spending measures to ease consumers' pain. A new stimulus package is in the works—the fourth in two years—that could be as large as seven trillion yen.

As if that wasn't enough to buy voters' loyalty, the upper house of parliament passed a law Monday that "encourages" banks to restructure or forgive the debts of small- and medium-sized enterprises and holders of home mortgages. This measure, championed by Mr. Hatoyama's vocal minority colleague, Shizuka Kamei, will earn votes in rural areas and among the middle-class. Nevermind that it will put further strain on the banks, who can get government backing for only 40% of the losses they absorb through the program—hey, that's what the cheap BOJ money is for.

All of this adds up to the further socialization of Japan; a captive system where the central bank, subordinated to politicians, pumps out cash, while the politicians find ways to spend more of it. Lost in all this is the real drive of any economy: the private entrepreneur who creates products, and the private citizen who buys them. Without that demand, Japan will never escape its deflationary spiral, no matter how much money it creates.

OPINION

# The Science and Politics of Climate Change

By Mike Hulme

I am a climate scientist who worked in the Climatic Research Unit (CRU) at the University of East Anglia in the 1990s. I have been reflecting on the bigger lessons to be learned from the stolen emails, some of which were mine. One thing the episode has made clear is that it has become difficult to disentangle political arguments about climate policies from scientific arguments about the evidence for man-made climate change and the confidence placed in predictions of future change. The quality of both political debate and scientific practice suffers as a consequence.

**Science never writes closed textbooks. It does not offer us a holy scripture, infallible and complete.**

Surveys of public opinion on both sides of the Atlantic about man-made climate change continue to tell us something politicians—indeed leaders of all types throughout human history—know only too well: The citizens they rule over have minds of their own. In the U.K., for example, a recent survey suggested that only 41% believed humans are causing climate change, 32% remained unsure and 15% were convinced we aren't. Similar surveys in the U.S. have shown a recent reduction in the number of people believing in man-made climate change.

One reaction to this "unreasonableness" is to get scientists to speak louder, more often, or more dramatically about climate change. Another reaction from government bodies and interest groups is to use ever-more-emotional campaigning. Thus both the U.K. government's recent "bedtime stories" adverts and Plane Stupid's Internet campaign showing polar bears falling past twin towers, have attracted widespread criticism for being too provocative and scary. These instinctive reactions fail to place the various aspects of our knowledge about climate change—scientific insights, political values, cultural moods, personal beliefs—in right relationship with each other. Too often, when we think we are arguing over scientific evidence for climate change, we are in fact disagreeing about our different political preferences, ethical principles and value systems.

If we build the foundations of our climate-change policies so confidently and so single-mindedly on scientific claims about what the future holds and what therefore "has to be done," then science will inevitably become the field on which political battles are waged. The mantra becomes: Get the science right, reduce the scientific uncertainties, compel everyone to believe it . . . and we will have won. Not only is this an unrealistic view about how policy gets made, it also places much too great a burden on science, certainly on climate science with all of its struggles with complexity, contingency and uncertainty.

The events of the last few weeks, involving stolen professional correspondence between a small number of leading climate scientists—so-called climategate—demonstrate my point. Both the theft itself and the alleged contents of some of the stolen emails reveal the strong polarization and intense antagonism now found in some areas of climate science.

Climate scientists, knowingly or not, become proxies for political battles. The consequence is that science, as a form of open and critical enquiry, deteriorates while the more appropriate forums for ideological battles are ignored.

We have also seen how this plays out in public debate. In the wake of climategate, questions were asked on the BBC's Question Time last week about whether or not global warming was a scam. The absolutist claims of two of the panelists—Daily Mail journalist Melanie Phillips, and comedian and broadcaster Marcus Brigstocke—revealed how science ends up being portrayed as a fight between two dogmas: Either the evidence for man-made climate change is all fake, or else we are so sure we know how the planet works that we can claim to have just five or whatever years to save it. When science is invoked to support such dogmatic assertions, the essential character of scientific knowledge is lost—knowledge that results from open, always questioning, enquiry that, at best, can offer varying levels of confidence for pronouncements about how the world is, or may become.

The problem then with getting our relationship with science wrong is simple: We expect too much certainty, and hence clarity, about what should be done. Consequently, we fail to engage in honest and robust argument about our competing political visions and ethical values.

Associated Press

Would he re-examine the facts?

Science never writes closed textbooks. It does not offer us a holy scripture, infallible and complete. This is especially the case with the science of climate, a complex system of enormous scale, at every turn influenced by human contingencies. Yes, science has clearly revealed that humans are influencing global climate and will continue to do so, but we don't know the full scale of the risks involved, nor how rapidly they will evolve, nor indeed—with clear insight—the relative roles of all the forcing agents involved at different scales.

Similarly, we endow analyses about the economics of climate change with too much scientific authority. Yes, we know there is a cascade of costs involved in mitigating, adapting to or ignoring climate change, but many of these costs are heavily influenced by ethical judgements about how we value things, now and in the future. These are judgments that science cannot prescribe.

The central battlegrounds on which we need to fight out the policy implications of climate change concern matters of risk management, of valuation, and political ideology. We must move the locus of public argumentation here not because the science has somehow been "done" or "is settled"; science will never be either of these things, although it can offer powerful forms of knowledge not available in other ways. It is a false hope to expect science to dispel the fog of uncertainty so that it finally becomes clear exactly what the future holds and what role humans have in causing it. This is one reason why British columnist George Monbiot wrote about climategate, "I have seldom felt so alone." By staking his position on "the science," he feels alone and betrayed when some aspect of the science is undermined.

If climategate leads to greater openness and transparency in climate science, and makes it less partisan, it will have done a good thing. It will enable science to function in the effective way it must in public policy deliberations: Not as the place where we import all of our legitimate disagreements, but one powerful way of offering insight about how the world works and the potential consequences of different policy choices. The important arguments about political beliefs and ethical values can then take place in open and free democracies, in those public spaces we have created for political argumentation.

*Mr. Hulme, author of "Why We Disagree About Climate Change," is professor of climate change at the University of East Anglia.*

# Cambodia Power Play

By Carlyle A. Thayer

It's been more than a decade since armed militia and security forces loyal to Cambodian strongman Hun Sen violently suppressed the democratic opposition to consolidate the Cambodian People's Party (CPP) in power, and the country is once again on the brink of another political upheaval. This time, the battle lines are being drawn in courts rather than in the streets, but the effect will be the same—the slow but sure consolidation of authoritarian rule.

The immediate issue is the political future of opposition leader Sam Rainsy. Late last month, he tried to score political points against the Hun Sen administration by claiming Vietnam had "stolen" Khmer land by placing demarcation markers inside Cambodian territory. Border politics are a potent tool in Cambodia. Mr. Rainsy proceeded to uproot six wooden poles marking the border area and took them to Phnom Penh to press for an investigation. Vietnam officially voiced its concern.

Rather than let the issue rest, deputies from Mr. Hun Sen's ruling CPP unanimously voted on November 16 to strip Mr. Rainsy of his parliamentary immunity for the second time this year. They can do that because the CPP holds 90 seats in the 123-seat lower house of the National Assembly.

This is no ordinary censure. The legislature's action clears all legal impediments for a provincial court to charge Mr. Rainsy with willfully destroying property. If charged and found guilty by the provincial court, the opposition leader could be subject to impeachment in the National Assembly. And Cambodia would lose one of its most effective—and internationally known—opposition political voices against Mr. Hun Sen's regime.

Cambodians can rightly see this as a step backward in what has already been a struggle to consolidate democracy in their country. Since the Khmer Rouge conflict ended in 1991, the country has held four flawed national elections. For the first three ballots, no party was able to form a two-thirds majority to govern, which made it tough for Mr. Hun Sen to consolidate his power. Mr. Rainsy's secular nationalist party eclipsed the former royalist camp to become the main opposition force in the country.

*Hun Sen*

Last year, Mr. Hun Sen's CPP won 73% of the total seats in a ballot marked by irregularities and administrative faults. CPP rule rests on genuine popularity at rice roots level through its economic development policies and nationalism in defense of Cambodia's territorial sovereignty vis-à-vis Thailand. Mr. Hun Sen's aggressive handling of the dispute with Thailand over land surrounding Preah Vihear temple in 2008 was a vote getter.

But as Kek Galabru, a leading human-rights activist noted at the time, "The ruling party will have the right to amend laws and strip parliamentary immunity from critics. We are afraid our democratic state will shrink and shrink." She has a point: The CPP is not only the dominant political force at the local level, but has also entrenched itself in power through control of the police, civil bureaucracy, judiciary and armed forces.

Faced with opposition threats to boycott the official swearing-in ceremonies, Mr. Hun Sen agreed to amend National Assembly rules to acknowledge the official role of the opposition and opposition leader, provide budgetary support and full immunity for all deputies. Last month's parliamentary decision not only puts that deal at risk, but is a stark reminder that 16 years after United Nations intervention, democracy has not been consolidated in Cambodia. The CCP regularly uses its levers of power to weaken the opposition by enticing defections or intimidating voters, as foreign election observers have noted. CPP-influenced courts regularly dismiss lawsuits brought against the government while convicting opposition deputies of defamation.

Mr. Rainsy certainly understands what's at stake. The day after he was stripped of his immunity Mr. Rainsy flew to Brussels, where he raised his plight with the European Parliament and International Parliamentary Union. According to Mr. Rainsy, "As a matter of principle, [the European Parliament] demands that there be a proper investigation." It is unclear when or if he will return to the country.

Mr. Hun Sen probably will eventually restore Mr. Rainsy's immunity after extracting a symbolic expression of regret for his actions. This is all part of Mr. Hun Sen's style of demonstrating that the CPP holds ultimate power. But no one should be fooled that Mr. Hun Sen's encroachments on the opposition are growing less serious. The international community, and particularly aid donors, must bring pressure to bear on Cambodia by supporting the European Parliament's call for an investigation into Mr. Hun Sen's handling of this matter. Other governments should also lobby Phnom Penh to make it harder for the National Assembly to strip immunity from a deputy.

In the longer term, donors must continue programs to enhance the capability of civil society groups, the media and elected parliamentarians to provide effective checks and balances. While the CPP is popular at the moment, it won't necessarily stay that way forever. Cambodians deserve the right to a choice, and part of that means ensuring the survival of a genuine opposition.

*Mr. Thayer is professor of politics at the Australian Defence Force Academy in Canberra.*

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IN DEPTH

# Tehran extends crackdown to members of global diaspora

*Campaign includes tracking social-networking activities of Iranians, identifying them at opposition protests abroad*

Associated Press

Iranian artist Shirin Neshat, third from right, leads actors in expressing support for Iran's opposition movement at the Venice film festival in September.

By Farnaz Fassihi
*New York*

HIS FIRST IMPULSE was to dismiss the ominous email as a prank, says a young Iranian-American named Koosha. It warned the 29-year-old engineering student that his relatives in Tehran would be harmed if he didn't stop criticizing Iran on Facebook.

Two days later, his mom called. Security agents had arrested his father in his home in Tehran and threatened him by saying his son could no longer safely return to Iran.

"When they arrested my father, I realized the email was no joke," said Koosha, who asked that his full name not be used.

Tehran's leadership faces its biggest crisis since it first came to power in 1979, as Iranians at home and abroad attack its legitimacy in the wake of June's allegedly rigged presidential vote. An opposition effort, the "Green Movement," is gaining a global following of regular Iranians who say they never previously considered themselves activists.

The regime has been cracking down hard at home. And now, a Wall Street Journal investigation shows, it is extending that crackdown to Iranians abroad as well.

In recent months, Iran has been conducting a campaign of harassing and intimidating members of its diaspora world-wide—not just prominent dissidents—who criticize the regime, according to former Iranian lawmakers and former members of Iran's elite security force, the Revolutionary Guard, with knowledge of the program.

Part of the effort involves tracking the Facebook, Twitter and YouTube activity of Iranians around the world, and identifying them at opposition protests abroad, these people say.

Interviews with roughly 90 ordinary Iranians abroad—college students, housewives, doctors, lawyers, businesspeople—in New York, London, Dubai, Sweden, Los Angeles and other places indicate that people who criticize Iran's regime online or in public demonstrations are facing threats intended to silence them.

Although it wasn't possible to independently verify their claims, interviewees provided consistently similar descriptions of harassment techniques world-wide. Most asked that their full names not be published.

Today's crisis echoes the events of three decades ago, when Iran's Islamic revolution first bloomed. Back then, Iranians around the world pooled their energy and money to help oust Iran's monarch, the shah. This time, the global community is backing a similar effort, using new tools including Facebook and Twitter. YouTube videos providing step-by-step instructions for staging civil disobedience rack up thousands of views.

But now, unlike 30 years ago, Iran's leadership is striking back across national borders.

Dozens of individuals in the U.S. and Europe who criticized Iran on Facebook or Twitter said their relatives back in Iran were questioned or temporarily detained because of their postings. About three dozen individuals interviewed said that, when traveling this summer back to Iran, they were questioned about whether they hold a foreign passport, whether they possess Facebook accounts and why they were visiting Iran. The questioning, they said, took place at passport control upon their arrival at Tehran's Imam Khomeini International Airport.

Five interviewees who traveled to Iran in recent months said they were forced by police at Tehran's airport to log in to their Facebook accounts. Several reported having their passports confiscated because of harsh criticism they had posted online about the way the Iranian government had handled its controversial elections earlier this year.

# IN DEPTH

Before this past summer, "If anyone asked me, 'Does the government threaten Iranians abroad or their families at home,' I would say, 'Not at all,' " says Nasrin Sotoudeh, a prominent lawyer inside Iran. "But now the cases are too many to count. Every day I get phone calls and visits from people who are being harassed and threatened" because of relatives' activities abroad.

In November, the deputy commander of Iran's armed forces, Gen. Massoud Jazayeri, wrote an editorial in the conservative newspaper Kayhan that "protesters inside and outside Iran have been identified and will be dealt with at the right time."

In Germany, a national intelligence report indicates that Iranian intelligence operatives are monitoring about 900 critics of the Iranian regime within Germany. One German intelligence official, Manfred Murch, said last month that his staff has identified "Iranian intelligence agents" trying to intimidate protesters in Germany by videotaping them. A German foreign-ministry official said Germany rejected requests from Iran to restrict anti-Iranian protests there.

Mohammad Reza Bak Sahraei, a diplomat at Iran's mission to the United Nations in New York, didn't respond to written questions about Iran's intelligence activities abroad. "The allegation that the Islamic Republic of Iran has created limitations and problems for Iranians who are visiting Iran from abroad is false," Mr. Sahraei said.

In recent months, he said, "Many Iranians have returned to Iran and visited their family members. Until now we have no reports of any limitations being imposed on them. Representatives of Iran abroad are doing their utmost to facilitate traveling for Iranians to Iran."

The crisis in Iran started with June's controversial re-election of Iran's president, Mahmoud Ahmadinejad. Claims of vote fraud spawned massive street protests, and a bloody crackdown.

The post-election violence has turned Iran's relationship with overseas Iranians on its head. Previously, Iran generally enjoyed good relations with its diaspora. Most opposition movements were on the fringe—for instance, royalists calling for the shah's return. But the violent suppression of street protests "showed people the true nature of Iran's regime," says Karim Sadjadpour, an Iran analyst for the Carnegie Endowment for International Peace.

There are approximately four million Iranians abroad. The U.S. is home to the largest number, totaling at least several hundred thousand. They rank among the U.S. 's best educated and most affluent immigrant groups.

At first, many protesters inside Iran and abroad simply wanted a vote recount. But after the violence, they began calling for a complete overhaul of Iran's Islamic system, up to and including change that would remove Supreme Leader Ayatollah Ali Khamenei from power. Around the world, Iranians took to the streets to march in protest against the events in Iran.

An Iranian engineer in his 30s who lives in a German-speaking area of Europe, and who attended protests there this year, described having his passport, cellphone and laptop confiscated when he later traveled to Tehran. He said he was called in for questioning several times, blindfolded, kicked and physically abused, and asked to hand over his email and Facebook passwords.

Interrogators showed him images of himself participating in protests in Europe, he said, and pressed him to identify other people in the images.

"I was very scared. My knees were trembling the whole time and I kept thinking, 'How did this happen to me?' " he said recently. "I only went to a few demonstrations, and I don't even live in Iran."

He said he was told he was guilty of charges including attending antiregime protests abroad, participating in online activities on Facebook and Twitter that harmed Iran's national security and leaving comments on opposition Web sites. He said he was given a choice: Face trial in Iran, or sign a document promising to act as an informant in Europe.

He says he signed the paper, took his passport and left Iran after a month. He says he has received follow-up emails and phone calls but hasn't responded to them.

(clockwise from far left) Matt Eich/Luceo Images for The Wall Street Journal; Associated Press (2)

Mohsen Sazegara, above, one of the founders of the Revolutionary Guard who is now in exile in the U.S., makes opposition videos in his Virginia basement. Demonstrators, right, cross the Brooklyn Bridge in New York in September in support of the Iranian Opposition Party. Below, Iranian police in June chase protesters after the controversial election.

Other Iranians abroad report receiving email threats tied to their online activities. In Los Angeles in June, an Iranian-American graduate student named Hamid said he received an email that read in part: "Stop spreading lies about Iran on Facebook." He said he received it after he changed his Facebook profile picture to a "V" symbol, for victory, dripping with blood to protest the Iran violence, along with a message about wanting to travel to Iran to support the opposition.

The email, written in Farsi, read in part, "We know your home address in Los Angeles. Watch out, we will come after you," according to Hamid.

There is no way to identify the email's anonymous sender, who signed it "Spider." Other Iranians interviewed in the U.S. and Europe reported receiving similar emails in recent months. Some emails were signed "Spider," they said, while others were signed "Revolutionary Hossein," a possible reference to one of the most revered saints in Shiite Islam.

No matter how widespread, the worries are sowing panic in the overseas community. Concerns about the safety of friends and family are so prevalent among younger Iranians that a number have changed their surnames on Facebook to "Irani" (which means simply "from Iran") to be harder to single out.

Omid Habibinia, a dissident Iranian who left Iran seven years ago for Europe, says he has always been harassed, but the pressure has grown this year. He claims Iranian security services early this year created a fake Facebook account for him and tried to "friend" people on his behalf and ask them questions. Other Iranian dissidents, along with some journalists, described similar experiences.

Officials at Facebook said the company often gets reports of fake profiles and will remove them after a review. A spokeswoman declined to comment on specific profiles that have been removed, including the one Mr. Habibinia described. She said deleted profiles no longer reside on Facebook's servers, making it impossible to trace their origins. She said she wasn't aware of complaints of harassment on Facebook at the hands of Iranian security services.

One 28-year-old physician who lives in Dubai said that in July he was asked to log on to his Facebook account by a security guard upon arrival in Tehran's airport. At first, he says, he lied and said he didn't have one. So the guard took him to a small room with a laptop and did a Google search for his name. His Facebook account turned up, he says, and his passport was confiscated.

After a month and several rounds of interrogations, he says, he was allowed to exit the country.

During Iran's historic 1979 Islamic revolution, Iranians abroad played an instrumental role in transforming the movement from a fringe idea led by a frail cleric, Ayatollah Ruhollah Khomeini, into a global force that eventually toppled the monarchy of Shah Mohammad Reza Pahlavi. Iranians abroad flocked to Mr. Khomeini's side, lending his movement language skills, money and, ultimately, global legitimacy.

In the current crisis, Iran is eager to prevent a similar scenario.

To cut communication between Iranians inside and outside the country, Iran slowed Internet speeds so that accessing an online email account could take close to a half-hour. It blocked access to Facebook, YouTube and Twitter. For a while, an automated message warned people making international phone calls not to give information to outsiders.

Tracking Internet crimes—from political dissent to pornography—has long been a priority of the regime. Iran's local media openly report on Internet-monitoring centers inside the country's judiciary and armed forces that are staffed with English-speaking, tech-savvy young people.

Late last month, at a military parade in Tehran, intelligence minister Heydar Moslehi announced the training of "senior Internet lieutenants" to confront Iran's "virtual enemies online." This month Iran announced a 12-member unit within the armed forces called the Internet Crime Unit to track individuals "spreading lies and insults" about the regime.

Iran's elite security force, the Revolutionary Guard Corps, along with the intelligence ministry each have their own, separate Internet-monitoring units that track prominent political figures and activists, according to dissidents including Mohsen Sazegara, one of the original founders of the Revolutionary Guard who is now in exile in the U.S. After the June election crisis, these Internet-monitoring units expanded their work to include the online activity of Iranians abroad, these people say.

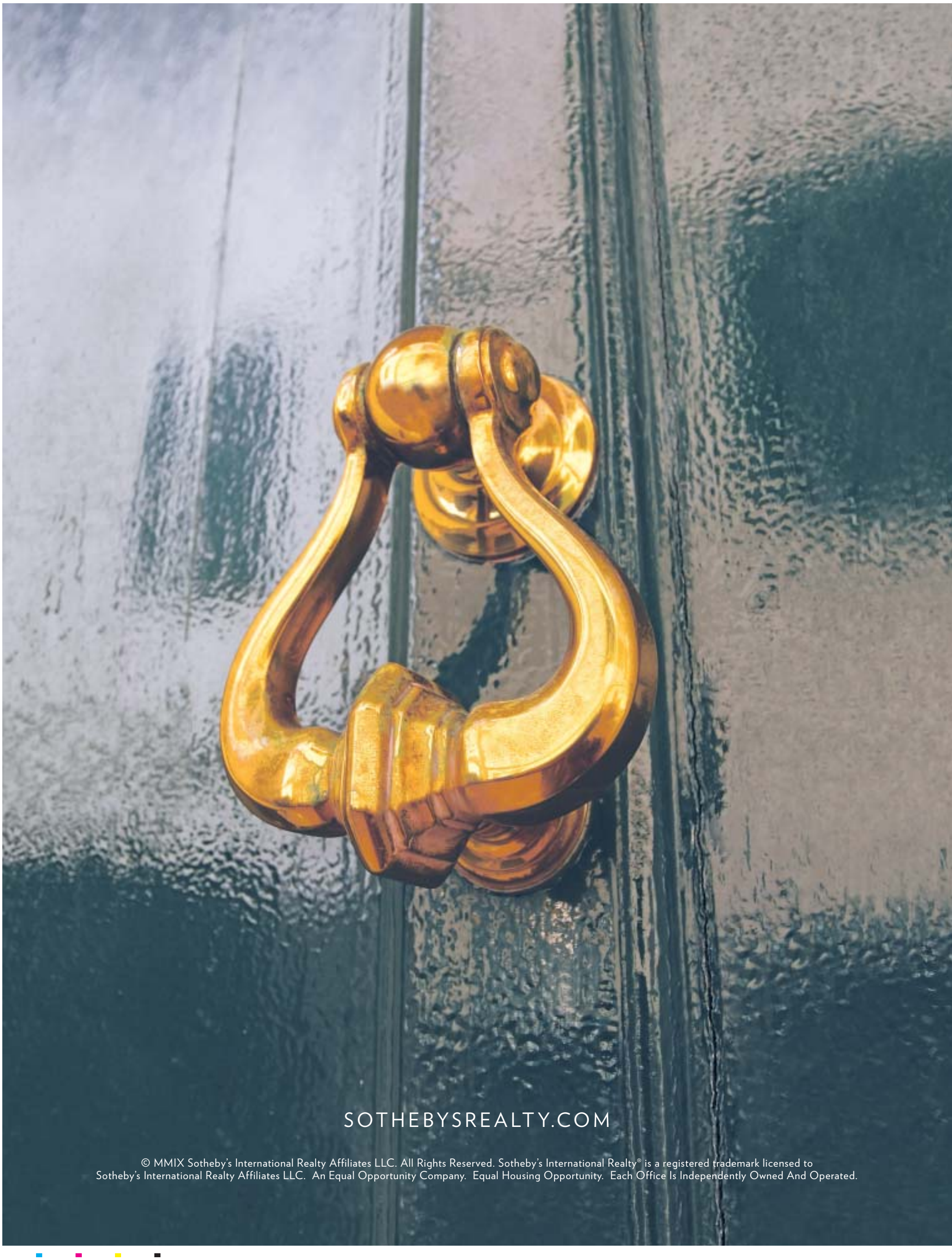
In the U.S., Koosha, the young engineering student whose father was briefly arrested in Tehran, says he was never politically active before. But this past summer, he said, he watched the turmoil in Iran and "I couldn't just sit and do nothing, I felt too guilty." He watched "people my age getting beaten and killed in the streets for expressing their opinion," he said. "The least I could do was to show my solidarity."

That's when he took steps that attracted the unwelcome attention. He attended a few rallies organized by opposition supporters near where he lives in the U.S. And then, when a prominent human-rights lawyer was jailed in Iran, Koosha created an online petition.

After his father was detained, Koosha took down his petition. "I was terrified and furious," he said. And he doesn't talk politics anymore when he calls his parents in Tehran.

But he's still finding ways to express his views. In September, he biked from Toronto to New York with his brother as part of the group Bicycling for Human Rights in Iran. "They want to control even Iranians who don't live under their rule," he says.

*—Jeanne Whalen in London, David Crawford in Berlin and Christopher Rhoads in New York contributed to this article.*

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FROM PAGE ONE

# Big China developer warns bubble could spread

*Continued from first page*
components of China's economy this year.

The total floor space of housing sold in the first 10 months of this year rose 50% from the 2008 period. House prices overall have risen at a relatively moderate pace—up about 4% in the year through October. But in some cities, the growth has been considerably faster: Prices in Hangzhou, near Shanghai, rose 6.6% in the period, and in Shenzhen, the southern manufacturing boomtown, they soared 13.8%, according to China's National Development and Reform Commission.

China doesn't have some of the systemic flaws that led to the nationwide housing collapse that devastated the U.S. and Europe and triggered the global recession. Securitization of home loans is almost nonexistent in China, and buyers are limited to borrowing 70% of the price of their houses—less for second properties—precluding the kind of zero-down-payment mortgages that characterized the U.S. housing bubble. Many analysts say there is still substantial need for new housing in China, as growing urban populations become more prosperous.

The worry is that runaway speculation could fizzle into an extended period of stagnant demand, damaging the real-estate and construction industries and sapping a pillar of China's economic strength. In the shorter term, property developers face pressure on future profits from surging prices for land. Mr. Wang didn't address that specifically, but other Chinese developers have warned that land prices in some cities have already risen so far that it will be hard to make money on future developments without improbably large increases in future sales prices.

Sky Canaves

China Vanke Chairman Wang Shi says the property bubble in some of the country's biggest cities threatens to 'infect second-tier cities.'

China's property market was in the doldrums last year. After years of soaring property sales and rising prices, the government in 2007 began imposing restriction on sales and lending in the industry. Nationwide, house prices peaked in July 2008, and by October the volume of residential property sales was down 17% from a year ago. Debt-laden developers were increasingly strapped for cash.

In November 2008, with the global financial crisis deepening, China's government announced a four-trillion yuan ($585 billion) economic-stimulus package, and began prodding banks to lend more. That led to soaring loans—much of which went into property—and a sharp reversal in sentiment. By March, average house prices began rising again on a monthly basis.

"If the financial tsunami hadn't occurred, and China's macroeconomic controls had continued, a third of the property developers in China would have fallen into serious difficulties," Mr. Wang said.

Vanke has been a major beneficiary of the economic recovery, and Mr. Wang overall applauded the government's stimulus efforts. The company, which has operations in more than 30 Chinese cities, had early in the year been expecting the value of its property sales this year to total less than 55 billion yuan, Mr. Wang said. But he estimated that that it will actually surpass 60 billion yuan this year, and reach 80 billion yuan next year. Vanke's revenue in the year's first nine months grew 32% to 27.99 billion yuan, while net profit rose 30% to 2.96 billion yuan.

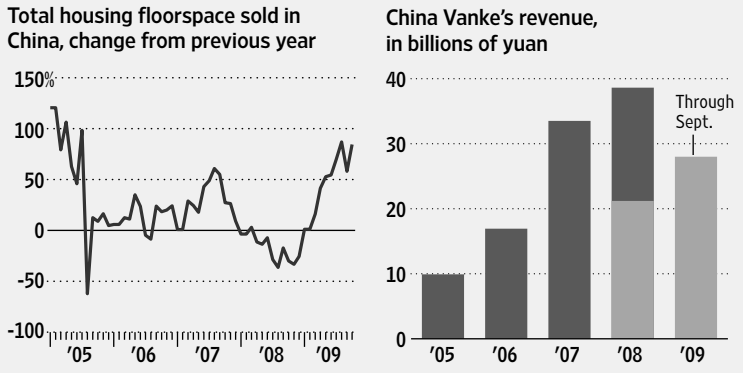
Mr. Wang offered no specific policy prescriptions for addressing the potential bubbles. Beijing often adjusts policy related to its politically sensitive property market, and analysts are debating whether new measures might be in the offing.

The 58-year-old said he is, overall, "cautiously optimistic" about China's economic outlook. But he expressed concern about the prospect of continued inflation in asset prices next year because of the massive stimulus, which he said could prove hard to reel back in. "This kind of monetary expansion, which goes into fixed-asset investment, into infrastructure—you can't just stop it by saying stop," he said.

*—Andrew Batson contributed to this article.*

## Healthy growth

China Vanke's sales have grown, despite turbulence in China's property market




Sources: National Bureau of Statistics, Dragonomics, Macquarie Securities (floorspace), the company (revenue)

# Mitsubishi considers a tie-up with Peugeot of France

Reuters

Mitsubishi Motors and Peugeot said Thursday that they would continue to work together on electric cars. Above, Mitsubishi's headquarters in Tokyo.

*Continued from first page*
better operation. "They complement one another," said Ian Fletcher, an analyst at HIS Global Insight.

The auto makers have worked on a number of projects over the past few years. PSA now produces the Citroën C-Crosser and the Peugeot 4007 based on Mitsubishi's Outlander. Mitsubishi also will supply its i-MiEV electric car to PSA, so that the French company can help finance this. The technology has huge future potential—the cars won't rely on oil or emit carbon dioxide—but Mitsubishi's cars are still very expensive. The companies also plan joint production of SUVs in Russia.

The projected tie-up echoes that between France's **Renault** SA and **Nissan Motor** Co. of Japan. Renault controls Nissan with a 44% stake; the Japanese company owns 15% of its partner, and they have the same senior executive.

In particular, the Renault-Nissan alliance has begun an aggressive push into electric cars, with the goal of becoming the first producer of affordable versions. "Peugeot is watching Renault...If more hybrids and electric cars are coming in, Peugeot won't be able to compete enough with only diesel-powered models," said Koji Endo, of independent research firm Advanced Research Japan.

Peugeot-Citroën's Chief Executive Philippe Varin indicated recently that the French company's controlling Peugeot family is being more open-minded about an alliance with another automotive group, provided that it creates value for Peugeot-Citroen shareholders and doesn't impinge on its independence. Any PSA-Mitsubishi deal would also need the backing of group companies Mitsubishi Corp. and Mitsubishi Heavy Industries, which have respective stakes of 14% and 15.6% in the Japanese auto maker.

On the Tokyo Stock Exchange, shares of Mitsubishi Motors ended up 13% at 135 yen ($1.54) after a lengthy trading suspension earlier in the day pending comment from the company. At the closing price, the company's market capitalization was just 748 billion yen ($8.56 billion).

News of the talks lifted other car makers. **Toyota Motor** Corp.'s shares soared 5.6% to 3,760 yen and **Mazda Motor** Corp. jumped 6.7% to 207 yen.

After opening up 2.9%, Peugeot shares lost steam in early trading Thursday. Even if the new alliance benefits the French car maker, it won't "bring game-changing scale, nor industry-leading technology," given the Japanese car maker's relatively small sales volume compared with that of Peugeot, Credit Suisse wrote in a report.

# Chinese official slams foreign banks over losses tied to derivatives

*Continued from first page*
prices peaked at $140 a barrel, state-owned China Eastern Air Holding Co., China National Aviation Holding Co. and Cosco Group signed large contracts with foreign investment banks to buy call options and sell put options, Mr. Li said.

Soon after those contracts were signed, oil prices fell below the exercise prices of the options, which caused losses on both sides of the contracts, he said. As of the end of 2008, the three companies incurred net book losses of 19.9 billion yuan on a combined contract market value of 9.2 billion yuan, Mr. Li said.

"Some fraudulent practices by some international investment banks resulted in major losses," Mr. Li said. Chinese companies should bear some responsibility, but the losses "are also closely linked to hostile sales of certain fraudulent, complicatedly designed high-leveraged products by international investment banks."

Spokespeople for Goldman Sachs, Citigroup and Merrill Lynch declined to comment. A spokesman for Morgan Stanley couldn't immediately be reached.

Privately, some foreign investment bankers have expressed frustration at the commission's support for state firms that now owe them huge sums of money, and they fear the funds will never be repaid.

The commission, which supervises more than 100 of China's largest state-owned enterprises, said in September that it would support state-owned companies challenging foreign banks over energy-linked derivatives losses. It also said it reserved the right to file lawsuits itself.

However, Mr. Li said state-owned enterprises shouldn't "give up eating for fear of choking" and stop buying derivative contracts. Derivatives offer opportunities to hedge against potential risk, and Chinese companies will find it hard to compete with foreign rivals without them, he said.

Mr. Li urged state-owned enterprises to comply with regulations and make sure any investments in financial derivative products are to hedge risk rather than speculate. State-owned companies must ask their financial advisers to list all possible risks, he said.

*—Victoria Ruan*

As of 11 a.m. ET **Euro** 1.5088 ▲ 0.11% **Yen/US$** ¥88.18 ▲ 0.98% **Yen/A$** ¥81.70 ▲ 0.82% **Oil** 76.63 ▲ 0.04% **Gold** 1211.50 ▼ 0.04% **10-year Treasury** ▼ 12/32 yield 3.367% **3-month Libor** 0.25531

**AIA confirms Hong Kong as the venue for its IPO**
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**Peugeot risks a wild ride with Mitsubishi Motors**
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Friday - Sunday, December 4 - 6, 2009 THE WALL STREET JOURNAL. asia.WSJ.com

# American steps up JAL battle

*Airline offers to invest $1.1 billion in Japanese carrier, trumping offer from U.S. competitor Delta*

By Mariko Sanchanta

The battle to buy a stake in **Japan Airlines** Corp. intensified Thursday, when **AMR** Corp.'s American Airlines said it was prepared to invest $1.1 billion in the ailing Japanese carrier along with private-equity firm TPG, trumping a previous offer from rival **Delta Air Lines** Inc.

American and Delta are openly wrangling over the unprecedented chance to invest in JAL, Asia's leading carrier by revenue and a former prized national asset. In a country where negotiations are traditionally handled discreetly and behind closed doors, the public mudslinging has transfixed and, at times, befuddled the Japanese. The two U.S. airlines held dueling press conferences Thursday, both loaded with criticism about their rivals' plans and capabilities.

Reuters (left), Bloomberg News (right)

American Airlines Chief Financial Officer Thomas Horton, left, and Delta President Edward Bastian speaking at separate Tokyo news conferences Thursday.

The un-Japanese approach by both American and Delta underscores their determination to tie up with JAL as they set their sights on expanding in Asia—the fastest-growing aviation market in the world. In addition, Japan and the U.S. are close to reaching an "open skies" agreement that would significantly liberalize air travel between the two countries. Officials are meeting in Washington next week to wrap up the last round of talks for the year, with hopes that a deal could be struck.

Delta and its SkyTeam alliance partners are dangling a $1.02 billion investment package to woo JAL, while American one-upped its rival and said it would make a capital investment of $1.1 billion, along with TPG and its Oneworld alliance members. American even recruited and flew in Norman Mineta, the former U.S. secretary of transportation, who said Thursday: "I believe that a JAL-Delta alliance would harm competition on every level."

Delta President Ed Bastian countered: "The [Japanese] government is seeking a Japanese or an airline solution, not a third-party buyout." JAL said Thursday it was in talks with both U.S. airlines but declined to comment further.

For all the noise Delta and American are making, a definitive solution regarding JAL's restructuring is still months away. The Enterprise Turnaround Initiative Corp, a government-backed entity that has access to up to 1.6 trillion yen ($18.31 billion) in state-guaranteed funds, will decide by the end of January whether it wants to lead JAL's restructuring.

Central to its decision is whether JAL will be able to scale back its pension payouts, which total some 330 billion yen. Haruka Nishimatsu, JAL's embattled chief executive, is set to embark on a roadshow through Japan next week, pleading with retirees to accept a 30% cut in their benefits. If these overtures are unsuccessful, the government is proposing a law that would let JAL scale back its pension obligations.

The mood at JAL's headquarters in Tokyo is decidedly grim: lights have been dimmed to save costs, and its once-bustling 14th floor, full

*Please turn to page 20*

# SAIC, GM to team up in India

By Patricia Jiayi Ho
And Norihiko Shirouzu

BEIJING—**General Motors** Co. and China's **SAIC Motor** Corp. are expected to unveil Friday a new joint venture in the competitive Indian market, in one of the first efforts by a China-based foreign joint venture to take its operations beyond Chinese borders.

The two companies, which jointly make and sell vehicles in China, plan to set up a 50-50 venture to make passenger vehicles already produced by GM in India, including the Chevrolet Spark, a person with knowledge of the talks said Thursday.

The expected move is significant because it would allow GM to expand in India's burgeoning auto market with additional resources made available by the cash-rich, state-owned Chinese auto maker.

For Shanghai Auto, the move would allow it to take its game to one of the key battlegrounds where established global auto makers are competing head-on for market share. It highlights Shanghai Auto's steady development into a worldwide automotive force.

CSM Worldwide analyst Yale Zhang said this is the first time a Chinese auto maker would go abroad with its partners in China. "These are two big automotive companies teaming up to develop India together," Mr. Zhang said. The Indian market "has the potential to be another China."

Bloomberg News

A worker at the SAIC-GM-Wuling factory in Liuzhou, China, in August.

The deal is a "win-win" situation for both companies, he said.

GM has more international experience and has already entered the Indian market, while the competitively priced minibuses made by GM's commercial-vehicle joint venture with SAIC and Wuling Automobile Co., SAIC-GM-Wuling Automobile Co., could be a logical fit for India, Mr. Zhang said.

SAIC, China's largest auto maker by sales volume, owns 50.1% of the three-way venture. GM owns about a third.

It wasn't immediately clear what sort of vehicles the GM-SAIC India joint venture would make.

Other than the Spark, GM already sells passenger vehicles in India that include the Aveo, Cruze, Optra, Captiva, and Tavera. The new joint venture could look into expanding GM's product portfolio in India, the person with knowledge of the negotiations said, without elaborating.

SAIC Motor spokeswoman Judy Zhu said, "We are in discussions with GM regarding how to expand our cooperation beyond the JVs in the China market." She declined to elaborate.

In China, GM and SAIC also operate Shanghai General Motors Corp., a 50-50 passenger vehicle-making venture. "We are constantly holding discussions to ensure both [GM and SAIC] are improving and prepared for the future," the U.S. auto maker said in a statement.

Meanwhile, SAIC said Wednesday it will suspend its shares from trading Thursday due to a "major asset reorganization." SAIC's board will hold a meeting before Dec. 9 to discuss the asset reorganization plan, it said in a statement. Ms. Zhu declined to comment on the share suspension.

# Shell drops out of discussions on China deal

**Royal Dutch Shell** has pulled out of talks to join **China Petroleum & Chemical** Corp., known as Sinopec, and **Kuwait Petroleum** Corp. in a Chinese refinery project estimated to cost $9 billion

The move opens the way for other international oil companies to join the venture.

It is also in line with Shell's broader pullback from the downstream business of refining oil as it focuses on oil and natural-gas production.

But pulling out of the big Chinese project poses risks, because it offers a bigger foothold in one of the only growing markets for gasoline while demand in the U.S. and Europe is flat or falling.

"Due to strategic considerations, we decided not to pursue the opportunity," Shell spokeswoman Li Lusha said Thursday in Beijing.

"Shell has pulled out. The reason is strategically, they want to focus on the upstream process," said Hussain Ismaiel, president of Kuwait Petroleum International.

KPI oversees KPC's international downstream marketing operations and represents Kuwait in talks with

*Please turn to page 20*

# Miners push to raise iron-ore prices

*Likely gains for Billiton, Rio Tinto would raise cost of steel despite resistance from Chinese foundries*

By Robert Guy Matthews

The world's largest miners are pushing for increases of 10% to 25% over last year's contract prices for iron ore and coal, people familiar with the nascent negotiations said, which would raise costs for the steel used in cars, construction, appliances and other goods.

China, which consumes about 65% of the world's seaborne iron ore, is trying to use its size to push for lower or flat prices on iron ore and coal—two chief ingredients in steel.

But the people familiar with the talks among steelmakers and miners **BHP Billiton**, **Rio Tinto** and Brazil's **Vale** SA said steel demand is rebounding and iron-ore supplies are tightening, setting the stage for a near-certain price increase.

By the time both sides settle, probably in April, steelmakers could pay $70-$75 a metric ton for iron ore. Steelmakers have been paying about $65 a metric ton this year.

BHP Chief Executive Marius Kloppers said last week that demand is surprisingly strong from China. "We are now seeing the usage rate climb as the first evidence that restocking in the major economies has commenced," Mr. Kloppers told shareholders at the company's annual general meeting in Brisbane, Australia.

The China Iron and Steel Association, the de facto leader in negotiations for ore buyers because of Chinese demand, said it is negotiating with the big miners to hammer out an agreement for next year. The organization declined to elaborate on the negotiations' status.

An increase would reverse this year's situation, in which the global recession pushed contract prices 35% to 40% lower than last year's levels. Still, an increase on the high end of expectations would be a far cry from the 70% increases seen during the global commodity boom.

"Producers are operating at full capacity on the mining side, and now steel production is rebounding," said Michael Widmer, a London-based mining analyst for Bank of America Merill Lynch.

He predicted iron-ore prices will rise at least 15% next year but that if the world's economy continues to strengthen, prices could rise further still.

"I would argue that I think we are more geared at going higher than 15%," he said.

UBS Warburg analysts estimated this week that iron ore's contract price could increase 20%.

Gains on the spot market have worked in the miners' favor, giving them leverage in negotiations on a set contract. BHP has been eager to sell iron ore on the spot market. Rio Tinto and Vale had been less enthusiastic but have put up less resistance of late.

Steelmakers favor contract prices to lock in costs and insulate them from price jumps.

The average iron-ore spot price was $99.26 a metric ton last month on the steel index, about 23% higher than in October.

Bloomberg News

Miners want increases of 10%–25% over last year's contract prices for iron ore and coal, key ingredients in steel. Above, an ArcelorMittal plant in Bremen, Germany.

# Consortium's Volvo bid aims to beat China's Geely

By Rick Carew And Matthew Dolan

A consortium led by two former **Ford Motor** Co. executives submitted a revised bid this week for Ford's Volvo unit in hopes of beating out a rival offer by China's **Zhejiang Geely Holding Group** Co., people familiar with the situation said.

The so-called Crown consortium is led by former Ford director Michael Dingman and former Ford and **Chrysler** LLC executive Shamel Rushwin. Their revised offer is fully funded and includes participation by Swedish investors, the people said, two adjustments aimed at making the offer more attractive to Ford in the sale of the Swedish operation.

"The door isn't closed, but we're in fairly advanced talks with Geely," one of the people said. Crown had been seen as an underdog at best but had been allowed by Ford to continue in the process if it could find the necessary funding, this person said.

The Crown consortium is trying to wrestle the deal away from China's Geely in negotiations that have dragged on. Ford picked Geely in October as its preferred bidder for Volvo, and the two sides have been working on detailed elements of an agreement, particularly over the rights to Volvo technology.

It's unclear how receptive Ford will be to the new Crown offer. A company spokesperson declined to comment.

Ford's decision to pick Geely as a preferred bidder indicates the new offer could face an uphill battle.

Geely, one of China's biggest auto makers, is financing a roughly $2 billon bid for Volvo with a combination of cash, bank loans and funds from a small number of investors, one of the people familiar with the situation said. He said those investors include a government-owned fund based in Tianjin, China, and a relatively well-known foreign investor. The person didn't give details.

The people familiar with the matter declined to say the amount of Crown's bid but described it as on par with the Geely offer.

Geely has reached agreements for loans from **Bank of China** Ltd., **China Construction Bank** Corp. and **Export-Import Bank of China**, one of the people said.

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### Corrections & Amplifications

**Primus Financial Holdings** Ltd. and **China Strategic Holdings** Ltd. said Wednesday they will send a revised application to Taiwan regulators "hopefully next week" on the proposed $2.15 billion acquisition of **American International Group** Inc.'s Taiwan life-insurance unit. A Markets article Thursday incorrectly said the value of the proposed deal was $12.5 billion.

### Staking out China

**Select acquisitions by European financial institutions in Chinese banks since 2000**

| Announcement date | Target | Acquirer | Deal value, in billions | Final stake |
|---|---|---|---|---|
| Aug. 18, 2005 | Bank of China | Royal Bank of Scotland, Merrill Lynch* | $3.10 | 10% |
| Aug. 6, 2004 | Bank of Communications | HSBC Holdings | 1.75 | 20 |
| Dec. 3, 2009 | China CITIC Bank | Banco Bilbao Vizcaya Argentaria | 1.50 | 15 |
| June 5, 2008 | China CITIC Bank | Banco Bilbao Vizcaya Argentaria | – | 10 |
| Nov. 13, 2006 | China CITIC Bank | Banco Bilbao Vizcaya Argentaria | 0.64 | 5 |
| March 18, 2008 | Hua Xia Bank | Deutsche Bank | 0.55 | 11 |
| Sept. 21, 2005 | Hua Xia Bank | Deutsche Bank, Sal Oppenheim Jr & Cie | 0.33 | 14 |
| Nov. 19, 2009 | Hua Xia Bank | Deutsche Bank | 0.12 | 17 |
| Oct. 26, 2007 | Bank of Communications | HSBC Holdings | 0.28 | 19 |
| March 24, 2005 | Bank of Beijing | ING Groep | 0.21 | 20 |
| Sept. 26, 2005 | Beijing Securities | UBS | 0.21 | 20 |
| July 12, 2007 | Qingdao City Commercial Bank | Intesa Sanpaolo | 0.13 | 20 |
| Dec. 28, 2001 | Bank of Shanghai | HSBC Holdings | 0.06 | 8 |
| Aug. 15, 2007 | Qingdao City Commercial Bank | Rothschilds Continuation Holdings | 0.03 | 5 |
| Aug. 15, 2008 | Qingdao City Commercial Bank | BRED Banque Populaire | 0.03 | 20 |

*RBS divested its stake in Bank of China and Merrill Lynch still retains its stake
Source: Dealogic

# BBVA raises Citic Bank stake

By Christopher Bjork And Jonathan House

MADRID—**Banco Bilbao Vizcaya Argentaria** SA has decided to exercise an option to raise its stake to 15% in **China Citic Bank** Corp. as it seeks to benefit from trade between Asia and Latin America.

Some of the world's largest banks have had to shed their Chinese bank holdings to offset credit losses during the financial crisis, including Swiss bank UBS AG, Bank of America Merrill Lynch, and Royal Bank of Scotland Group PLC. BBVA is one of only a handful of lenders to emerge largely unscathed from the crisis, and it is taking advantage of this strength to bulk up on assets.

In a Spanish regulatory filing Thursday, BBVA said it will pay about €1 billion ($1.5 billion) or 6.45 Hong Kong dollars (83 U.S. cents) a Citic Bank share, to acquire an additional 4.93% of the Chinese lender.

"The region's growth potential, coupled with BBVA's leadership in project and trade finance and the boom in trade between Asia and Latin America, gives BBVA a considerable competitive edge in this market," the bank said.

Spain's second-largest bank by assets, behind **Banco Santander** SA, has invested €3 billion over three years in the Beijing bank and in a 30% stake in Hong Kong's Citic International Financial Holdings, an investment bank with a presence in several Asian economies. Both are part of China's largest conglomerate, **Citic Group**.

Key to the BBVA's bet on China is increasing between Asia and Latin American countries.

Trade flows between China and Latin America totaled $143 billion in 2008, up 39% from 2007 and up tenfold since 2000, according to BBVA research.

In mainland China, BBVA and Citic Bank are jointly developing a car-financing and private-banking business that will be offered through Citic Bank's 544 branches. BBVA is also advising Citic Bank on risk management, pension-fund management and economic research. Citic Bank is China's seventh-largest bank by assets.

A BBVA spokeswoman said the banks haven't discussed raising the stake in Citic Bank beyond the current levels. Foreign investors are allowed to own as much as 20% in Chinese banks.

Citic Bank confirmed the news in a statement to the Hong Kong Stock Exchange and declined to comment further.

*—Amy Or in Hong Kong, Patricia Kowsmann in London and Katharina Bart in Zurich contributed to this article.*

# Holidays start slowly at U.S. retailers

By Kevin Kingsbury And Mary Ellen Lloyd

U.S. retailers' November same-store sales broadly missed analysts' muted expectations and confirmed an intense focus by shoppers on discounts and promotions.

The industry as a whole eked out only a slight increase over last year's sharply lower levels. Much of the reported weakness was tied to lower sales earlier in the month, as several chains indicated that sales during the so-called Black Friday weekend—the start of the holiday shopping season—provided a month-end lift. Online sales were also a bright spot for many, but not enough to overcome shoppers' reluctance to buy discretionary and full-priced items.

"Consumers are still very, very picky, and they won't shop unless they have a value," said Jharonne Martis, consumer-research director for Thomson Reuters.

November's 0.5% industrywide increase, according to Thomson Reuters, follows last year's 7.8% slump as the stock market swooned. Both figures exclude **Wal-Mart Stores** Inc., which stopped issuing monthly sales figures this year.

The most recent forecast from analysts surveyed by Thomson Reuters was for 2.1% growth in November and 0.4% growth in December.

Bradley Bower/Bloomberg
Retailers' same-store sales increased 0.5% industrywide in the U.S. last month.

Shoppers on average spent 7.9% less during the weekend after the Thankgiving holiday, compared with the year-earlier Black Friday weekend, according to the National Retail Federation. In general, lower-priced items were favored, continuing a trend of less-expensive retailers outperforming other chains during the past year.

Still, **Costco Wholesale** Corp. on Thursday reported weakness in November after two months of solid growth. The warehouse club's sales at stores open at least a year, known as same-store sales, were flat in the U.S., excluding gasoline.

Rival **BJ's Wholesale Club** Inc. also reported weaker-than-expected results with its 1% growth.

But discount-apparel chains **TJX** Cos. and **Ross Stores** Inc. continued their recent strength, with both reporting 8% gains, though TJX's rise was less than forecast by analysts.

Among department stores, **Kohl's** Corp. recorded a 3.3% rise in same-store sales, topping expectations, while **Macy's** Inc. and **J.C. Penney** Co. had declines bigger than analysts projected.

**Target** Corp. reported a bigger-than-expected 1.5% drop.

**Limited** Inc. posted same-store sales growth of 3% in November after a 12% slump last year. A gain posted in September was the first for the Victoria's Secret and Bath & Body Works parent in two years.

# LG Telecom merger is approved

SEOUL—South Korea's Fair Trade Commission approved the planned merger of three telecommunications units under LG Group, paving the way for mobile operator **LG Telecom** Co. to compete better against its bigger rivals.

Under the plan, LG Telecom, South Korea's smallest mobile operator by revenue, will absorb fixed-line operator **LG Dacom** Corp. and Internet-service provider **LG Powercom** by Jan. 1.

The antitrust regulator said in a statement that the planned merger isn't likely to hurt free competition in the market and that it decided to allow the plan without conditions.

The regulator said it expects the merger to help the LG telecommunications units compete better with rivals such as **KT** Corp. and **SK Telecom**.

Analysts agreed the merger would spur competition and said they were optimistic about the outlook for the merged entity, which they expect to make further investments in its business. "Even after the merger, the company would still be the smallest among the three," said Jonathan Park, an analyst at Hanwha Securities.

The planned merger is now awaiting final approval from the Korea Communications Commission.

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NOTICE

Re: Liquidation of Assets of Lehman Brothers Commercial Corporation Asia Limited ("LBCCA")

We hereby give notice to any and all persons seeking to purchase assets owned by LBCCA in Thailand from it's liquidators or KPMG Hong Kong of the following:

• A petition for Bankruptcy of LBCCA in Thailand has been accepted by Thailand's Central Bankruptcy Court on October 23, 2009.
In accordance with Thailand's Bankruptcy Act, any sale of any LBCCA Thai assets (whether within or outside of Thailand) 3 months prior to the acceptance of this petition and afterwards can be overturned by the Legal Execution Department in Thailand.

• An injunction is pending with Thailand's Central Bankruptcy Court to freeze any and all sale of LBCCA assets in Thailand.

• Various civil actions have been taken against asset holding companies of LBCCA holding Thailand assets

• A criminal case against LBCCA and it's liquidators has been filed to the Royal Thai National Police for misappropriation. The investigation is ongoing.

• A criminal summons has been issued for each of the liquidators of LBCCA by the Crime Suppression Division of the Royal Thai National Police.

• A civil case for Baht 7,667,188,755 (USD $230,800,375) has been filed by Destination Properties Group against LBCCA for default on it's joint venture, debenture, and other agreements.

• An injunction has been filed with the Thai Civil Court to freeze any and all actions taken by LBCCA pursuant to the assets of the joint venture, including debentures, pledge of shares, and other collaterals.

• Destination Properties has a right of first refusal to purchase these LBCCA assets and reserves it's right to exercise such option.

• The LBCCA Creditors Committee of Thailand has been established by various Thai creditors to pursue the LBCCA bankruptcy petition, civil, and criminal actions in Thailand against LBCCA and it's liquidators.

LBCCA has defaulted on it's joint venture obligations to Destination Properties and caused significant damage to the Company and it's shareholders. Any person or entity that colludes with LBCCA or KPMG in any transaction regarding the Destination Properties assets will be named (along with their directors) in these and any other ongoing criminal and civil lawsuits in Thailand or any relevant territories.

Please be informed accordingly. Parties should send their inquiries to the following: **Thailand LBCCA Credit Committee**,
Email: ThaiLBCCACommittee@Limcharoen.com

# Whitacre to speed up turnaround

*New CEO to push GM to boost its market share and profit, find more aggressive executives*

The newly installed chief executive of **General Motors** Co., Chairman Edward E. Whitacre Jr., plans to push the car maker to boost market share and profit despite the sour economy and to find younger, more aggressive executives, said people familiar with his thinking.

*By **John D. Stoll**, **Sharon Terlep** And **Kate Linebaugh***

Bloomberg news

A recruiting firm will be enlisted to find a successor for former CEO Frederick 'Fitz' Henderson,, shown in June.

He also told employees he may stay in the "interim" post for a year.

Mr. Whitacre, a tough Texan with little auto-industry experience, has been serving as chairman since GM emerged from bankruptcy reorganization. He took over as interim CEO Tuesday after Frederick "Fritz" Henderson resigned unexpectedly after months of tension between management and GM's board.

To accelerate GM's turnaround, Mr. Whitacre aims to have the company's top executives devise a more aggressive business plan that will put GM on the offensive in North America, despite the tough downsizing measures the company is taking, people close to him said.

In an address to employees Wednesday, Mr. Whitacre said little specific about his plans for the company, but he said GM must "accelerate the progress" toward returning to profitability and paying back $58 billion in bailout loans from the U.S. and Canadian governments. He added that the search for a new chief executive could take "months or it could take a year."

A person familiar with the company said Mr. Whitacre is generally tight-lipped about specific plans except with board members. "He just doesn't say much," this person said.

For help understanding the business during this transition, the former **AT&T** Inc. CEO is relying heavily on Mr. Henderson's executive committee, namely Mark Reuss, the head of engineering, and John Smith, who oversaw the later-aborted sale of GM's European operations. He is also turning to a group of directors that includes onetime auto analyst Stephen Girsky, **TPG Capital** chief David Bonderman and **Carlyle Group**'s Daniel Ackerson.

Executives from the executive committee pushed Mr. Whitacre to make public remarks about Mr. Henderon's departure instead of only releasing a written statement. The executives told him: "If you're going to fire the CEO, who many people loved, you'd better show your face with that statement," a person familiar with what happened said.

Mr. Henderson declined omment.

In the search for a permanent replacement, Mr. Whitacre is committed to finding the right person regardless of how much time it takes, say people familiar with his thinking. He will likely accelerate a push to bring in outsiders for other jobs as well, though "he didn't make it sound like he is going to rip the place up," according to a person familiar with the matter. He also directed executives to find a crop of "younger and stronger leaders."

In an interview Wednesday at the Los Angeles auto show, GM Vice Chairman Robert Lutz said Mr. Whitacre hasn't specified what needs to change, but said he doesn't expect Mr. Whitacre to enact deeper reductions in dealers, jobs and GM's model lineup than already planned.

Mr. Lutz said GM remains overly leery of taking risks and is still too dependent on statistical analysis to make decisions. "That kind of thinking generates predictable mediocrity," he said.

Over the past few months, Mr. Whitacre made no secret that he was eager to see GM revenue and market share on the rise. People familiar with the discussions between the board and Mr. Henderson said they differed on the company's ability to move faster and increase sales and margins in a downbeat U.S. market.

Mr. Henderson and other top executives have hesitated to set more aggressive revenue and market-share targets in part because GM is eliminating four of its eight automotive brands and shedding about 2,000 dealers, these people said.

"When you take brands out and cut dealers you really compromise your ability to maintain market share," said David Cole, chairman of the Center for Automotive Research.

Mr. Whitacre's desire for GM to aim higher comes as its two Detroit rivals have set ambitious goals of their own. Last month, **Chrysler Group** LLC said it expects to break even in 2010 and make money in 2011 as it produces a stream of new models. **Ford Motor** Co. reported income of almost $1 billion in the third quarter and said it expects to continue to gain market share.

# *American intensifies battle with Delta over Japan Airlines*

*Continued from page 17*

of meeting rooms, is hushed and empty. JAL canceled its famous New Year's party for the press this year, and employees have been asked to cut back on wining and dining and other expenses. Seventy members of JAL management are forgoing their December pay.

JAL, which was once a proud flag carrier that acted as a bridge between Japan and the rest of the world, on Tuesday suffered the ignominy of having its corporate credit rating slashed to a default level by Standard & Poor's. It is seeking mediation with creditors on delaying loan repayments while asking for 125 billion yen in bridge funding from the state-backed Development Bank of Japan and other institutions. The carrier is weighed down by more than one trillion yen in net debt and pension obligations and recently reported its fourth straight quarterly loss.

Though a "perfect storm" of the global recession and collapsing business-travel demand have exacerbated JAL's woes, it has long been hobbled by an inefficient structure, stemming from its acquisition of domestic carrier Japan Air Systems in 2001.

Two separate operating companies were created after the takeover—JAL International and JAL Domestic—which didn't integrate their operations until October 2006. And though JAL was fully privatized in 1987, politicians and local mayors still exerted considerable influence on the airline to fly to tiny regional airports, resulting in many loss-making routes.

JAL's leading position in Asia, however, makes it a juicy target for both Delta and American as they seek to expand their services in the region. But the actual task of restructuring JAL could prove to be formidable.

"Delta and American could find themselves with something that could be very costly to restructure," says Peter Harbison, chairman of the Centre for Asia Pacific Aviation think tank. "In the cold light of day, the target that they're so actively chasing may not be that attractive."

# *Shell drops out of Chinese refinery-project talks with Sinopec, Kuwait*

*Continued from page 17*

potential partners.

A spokesman for Sinopec declined to comment.

State-run KPC and Sinopec Corp. have a memorandum of understanding to build a 300,000-barrel-a-day refinery and a petrochemical complex that will produce one million metric tons a year of ethylene in Guangdong province in southern China. Kuwait will supply all the crude oil for the project.

The companies are waiting for formal Chinese government approval to go ahead.

It is hoped that the approval will come by the end of January, a person close to the talks said.

"Our project is a major downstream project, so it's no longer part of [Shell's] strategic focus on upstream projects," Mr. Ismaiel said Thursday.

"Shell pulling out has no impact on our plans to proceed with this project, which will be finished in 2014. We are now in advanced talks with another [international oil company, or IOC] which is very interested in joining the project."

Mr. Ismaiel said a new partner would likely join as a partner of KPI and KPC.

"Sinopec will still have 50%, while KPI has 50%, so the new IOC will take a new percentage in the KPI stake," he said, declining to be more specific.

The joint-venture model is similar to that used in another major refinery and petrochemical project, in China's Fujian province, which started operation in November.

That venture involves Sinopec Corp. and the Fujian provincial government, which together own 50% of the venture, while **Exxon Mobil** Corp. and Saudi Aramco hold 25% each.

*—Wan Xu in Beijing and Tahani Karrar in Dubai*

# Comcast, GE strike deal on NBC Universal

By Nat Worden

**Comcast** Corp. agreed to take majority ownership of NBC Universal from **General Electric** Co. in a complex deal that values NBC at $30 billion, ending GE's more than two-decade rule over the Peacock network and satisfying the cable giant's push to own more content.

Meanwhile, in a move designed to soothe concerns among its shareholders about the risks of a major media acquisition, Comcast announced a 40% dividend increase and said it will complete its $3.6 billion stock-buyback effort during the next three years.

Paving the way for the deal, GE reached a deal with NBC Universal's minority owner, **Vivendi** SA, to buy its 20% stake in the entertainment company for $5.8 billion.

Combining the largest U.S. cable operator with a conglomerate that owns the NBC broadcast network, cable channels, a major film studio and theme parks threatens to further shake up a media industry already reeling from the rise of digital media.

The deal is expected to come under heavy scrutiny from consumer groups and lawmakers in a regulatory-approval process that could take more than a year and add burdens to the venture's prospects.

Under the deal's terms, NBC Universal will borrow $9.1 billion to give GE, which will pay $2 billion for 38% of Vivendi's NBC Universal stake if the joint venture's completion hasn't occurred by September. Comcast will pay GE nearly $6.5 billion and contribute programming valued at $7.25 billion for a 51% stake in the venture.

GE will be able to force the purchase of half its 49% stake in the venture 3½ years after closing and the rest at year seven. Comcast also has rights to purchase GE's stake at "specified times." Any deals would be done at a 20% premium to the public market value.

NBC Universal CEO Jeff Zucker will stay at the helm of the new venture, reporting to Comcast Chief Operating Officer Stephen Burke.

The deal's complex structure has more to do with tax benefits and addressing the reluctance of Comcast's shareholders to pony up cash or stock for all of NBCU. GE retains a 49% stake in NBCU, but most expect GE to wind down its position entirely over time.

Comcast Chief Executive Brian Roberts said he recognizes some of NBCU's businesses are struggling. But Comcast is "buying at or near the bottom of this economic cycle," and its businesses are poised to rebound as the economy improves, he said Thursday.

Mr. Roberts highlighted NBCU's heavy exposure to cable networks, a rare source of growth for the industry. As for broadcasting, "We believe there's more upside than downside in NBC, buying it today," he said.

GE Chief Executive Jeff Immelt said the deal will generate about $8 billion in cash to his company at closing, a sum that will help the conglomerate deal with the ongoing turmoil in its finance business and invest in infrastructure businesses.

After generating an average annual rate of return of 11% through its 80% stake in NBCU, he said the company is getting "good value" by reducing its ownership to 49% of a "more valuable entity."

MARKETS

# Goldman seizes the offensive on pay

*Shareholder input sought to head off backlash over average compensation above $700,000; girding for proxy fight*

By Susanne Craig

Wall Street firm **Goldman Sachs Group** Inc.—known for its outsize profits and unapologetically handsome pay packages to go with them—has begun meeting with major investors in a bid to ward off a backlash over its record compensation pool.

The private discussions are a first for Goldman, several shareholders said, as the Wall Street firm finds itself on the defensive over its pay, where employees are on track to earn an average of more than $700,000 apiece this year.

The meetings are expected to last several more weeks and come as shareholders are filing proposals aimed at restricting pay at Goldman.

Goldman officials described the meetings, which began in October and have been attended in many cases by President and Chief Operating Officer Gary Cohn or Chief Financial Officer David Viniar, as an effort to describe why its pay levels are justified given the investment bank's performance and receive feedback from key stakeholders. Some investors have recently said they now expect Goldman to pay out a smaller percentage of its revenue in 2009 than in previous years.

Winning shareholder support for its compensation-and-benefit pool is critical for Goldman executives. While the public uproar over pay has hurt the firm's reputation, shareholders are the actual owners of the firm and the only ones with voting power to change the compensation structure. As a result, Goldman executives have been extremely focused on shareholder feedback.

In the meetings, Goldman also has been asking investors how they make voting decisions on shareholder proposals, according to people who heard the conversations. Some investors say the questions suggest Goldman is developing a strategy to navigate any shareholder proposals aimed at reining in pay. Shareholders likely will vote on the proposals this spring.

Five shareholder proposals have been submitted to Goldman, including three related to compensation. The proposal considered likeliest to pass would give shareholders a nonbinding vote on executive pay and would require Goldman to disclose more details about how executives are paid. A similar proposal in 2008 got 46% of the vote.

Goldman spokesman Lucas van Praag said the company is "puzzled" at the suggestion some shareholders want compensation levels reduced because shareholder feedback has been very supportive.

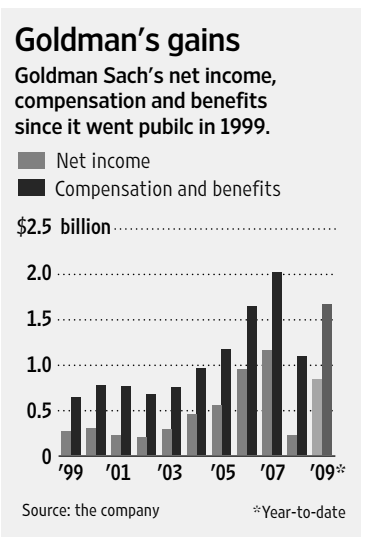
He said Goldman has "an open, ongoing dialogue with our shareholders about any and all matters they think are important. Compensation is one of them, and it is our responsibility to be as clear as possible about compensation principles." He said that, while the meetings included a segment on compensation, the firm also discussed third-quarter results and other matters with shareholders.

Another senior company executive added the discussions are being held primarily to find out if shareholders want the firm to change its compensation program. The responses have been "almost uniformly no," he said.

Hye-Won Choi, head of corporate governance at **TIAA-CREF**, which owns about $1 billion of Goldman shares, said the meetings "are a constructive first step, and the next logical action would be for Goldman to proactively consider putting its compensation policies to a vote of shareholders. If Goldman Sachs acts, the rest of Wall Street will likely follow."

TIAA-CREF has been pushing for better disclosure by all publicly traded companies about how compensation is linked to performance and business strategy.

So far, Goldman has shown no signs of backing down to anger over its pay and benefits, on track to hit a record of about $717,000 an employee, consultant and temporary worker for 2009, nearly double last year's $364,000.




Goldman has bristled at previous shareholder proposals on pay. Directors opposed the 2008 say-on-pay proposal. "It would create a cloud, a constraint, a limitation on decisions that have been at the heart of what a board has done," Goldman Chairman and Chief Executive Lloyd Blankfein said.

In 2009, Goldman and other financial firms that received U.S. government aid were required to sponsor a vote on executive pay. The proposal passed by a wide margin. Goldman executives elected to take no bonuses for last year.

As part of at least some discussions with shareholders, Goldman has distributed a document titled "Goldman Sachs Compensation Practices," which explains the firm's pay principles and practices in the same dry, measured tone typically used in presentations about Goldman's business operations. A 14-page version of the document reviewed by The Wall Street Journal notes that Goldman has "substantially outperformed peers from a shareholder value creation perspective."

In its Nov. 30 shareholder proposal, **Connecticut Retirement Plans & Trust Funds**, which owns about $39 million in Goldman shares, said a say-on-pay requirement "would give shareholders an opportunity to provide direct feedback" on the size of Goldman's bonus pool "and on other executive compensation policies and practices."

The state pension system cosponsored the unsuccessful say-on-pay measure in 2008. That was the only pay-related proposal in Goldman's proxy statement that year.

# AIA confirms Hong Kong IPO

By Amy Or

HONG KONG—**American International Group** Inc. said Thursday it has chosen Hong Kong as the listing venue for **AIA Group** Ltd., the clearest sign yet that the troubled U.S. insurer will go ahead with the initial public offering of its Asian life insurance unit.

AIA's IPO could raise US$5 billion to US$10 billion, said people familiar with the situation.

Preparations for the IPO, aimed at raising funds to repay a U.S. government bailout, had stalled since Robert Benmosche took the helm at AIG in August. Mr. Benmosche has repeatedly said AIG is in no hurry to sell assets at unfavorable prices, sparking concerns that the planned listing of AIA—announced in May—will be put on hold.

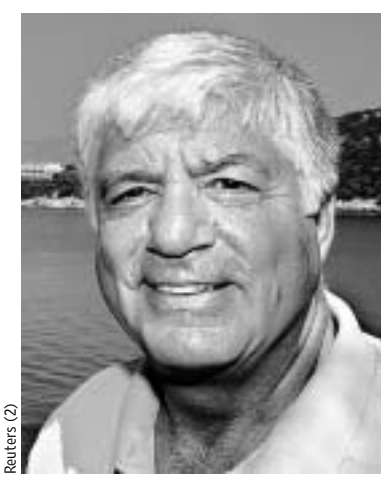
"The planned listing is in the best interests of policyholders, distribution partners, AIG shareholders and U.S. taxpayers," Mr. Benmosche said in a statement Thursday. "AIA's roots are in Asia, and a listing in Hong Kong is a natural choice."

AIA left the date open. "The timing of any offering will be dependent on market conditions and regulatory approvals; we will only list when we are ready," AIA Group Chief Executive and President Mark Wilson said.

AIG said in May it intended to float AIA, formerly known as American International Assurance Co., on an Asian market, without specifying which one.

Hong Kong has been the world's most active market for IPOs this year in terms of total funds raised, at US$24.1 billion, according to Dealogic.

Deutsche Bank AG and Morgan Stanley were mandated as joint global coordinators for the planned initial public offering the following month, people familiar with the situation said in June. Since then, there has been no news on the list of other advisers on the syndicate. A document sent to banks in May said the IPO will take place in the first half of next year.



Preparations for AIA's listing stalled when Robert Benmosche, right, took the helm of AIG Group in August. Above, AIA's recently renamed headquarters in Hong Kong,.

Reuters (2)

AIA recently renamed its Asia headquarters in Hong Kong "AIA Central" from "AIG Tower" in a bid to distance itself from its parent.

Part of the IPO proceeds are expected to help AIG repay the US$180 billion in government bailout the insurer has received since the onset of the financial crisis last year. It still has US$120.7 billion outstanding.

AIA's businesses range from life insurance, retirement planning, accident and health insurance, as well as wealth-management solutions across 15 markets in Asia, including China, Hong Kong, Australia, South Korea, Taiwan and Vietnam.

In a step to prepare for an eventual listing, AIG on Tuesday placed both AIA and American Life Insurance Co., or Alico, in special purpose vehicles.

# BofA is set to repay U.S. taxpayers $45 billion

**Bank of America** Corp. reached an agreement to repay $45 billion in federal bailout funds and escape pay restrictions and other curbs imposed by the U.S. government.

Wednesday's announcement means the Charlotte, N.C., bank will

*By **Dan Fitzpatrick**, **Deborah Solomon** and **David Enrich***

be the first of seven companies to return their large, or "exceptional," taxpayer-funded lifelines. Bank of America got $25 billion in October 2008 through the Troubled Asset Relief Program as officials scrambled to steady the U.S. financial system. It received an additional $20 billion in January to help digest its takeover of securities firm Merrill Lynch & Co.

On Thursday, the lender outlined its plans to help pay back the bailout funds through an $18.8 billion stock sale with a variable structure that hinges on whether shareholders approve an increase in shares.

The sale, which could be completed by early next week, will be marketed as "common equivalent securities" to investors. Each security will have two components: a depositary share representing interests in common equivalent junior preferred stock and a feature called a "contingent warrant."

Depending on the outcome of a shareholder vote that will occur after the sale, the depositary shares will convert fully or partially into common stock. The warrants could either separate and begin to trade independently, or expire without allowing holders to exercise them.

The securities are being structured this way because Bank of America needs shareholder approval to issue more common stock, and it won't hold that vote until after the $18.8 billion sale.

Bank of America is struggling to overcome recessionary pressures, which have caused loan losses to balloon. Its $6.47 billion profit through the end of September was down just 12% from a year earlier. Because of its improved health, Bank of America officials had been pushing to repay the government. Federal officials refused to allow it until they were confident the bank was strong enough.

That Bank of America is in position to repay its investment, and raise new capital, is a sign of how much the financial sector has strengthened over the past year.

The deal to repay the government was negotiated in large part by Gregory Curl, Bank of America's chief risk officer and a contender to succeed Kenneth Lewis as chief executive of the nation's largest bank by assets. Mr. Lewis announced Sept. 30 that he would retire at year end. A person familiar with the process said directors have made no decision on Mr. Lewis's successor.

As one of the seven companies that received "exceptional assistance" from the government, Bank of America has been subject to tougher restrictions than other financial firms, including having pay set and reviewed by Kenneth Feinberg, the Treasury Department's special master for compensation. Those restrictions have complicated the search for Mr. Lewis's successor, say people familiar with the process.

*—Lynn Cowan contributed to this article.*

MARKETS

# Japan bond yields rise as stocks draw investors

By Tomoyuki Tachikawa

TOKYO—Japanese government-bond yields rose Thursday as a weaker yen alleviated fears about the country's export-driven economy and boosted Tokyo shares sharply, prodding investors to sell safe-haven assets.

**BOND MARKETS**

Still, demand for short-term and medium-term debt was solid, reflecting the Bank of Japan's stepped-up fund provision to the money market, making the yield curve steeper. The benchmark 10-year yield edged up 0.01 percentage point to 1.255%, and the 20-year yield rose 0.04 percentage point to 2.00%. Prices and yields move inversely.

Longer-term JGB yields could fall as expectations grow that domestic financial conditions will become more accommodative given the central bank's seriousness about conquering deflation, analysts said.

"The BOJ may keep providing ample liquidity to the market to push short-term interest rates lower, which in turn could lower longer-term yields down the road," **Mitsubishi UFJ Securities** strategist Katsutoshi Inadome said. "Even if stocks continue to rally, JGBs could gain favor further."

# U.S. Treasurys decline

By Emily Barrett

Treasurys prices fell Thursday on a surprise drop in jobless claims, and stayed down as the U.S. central bank took its first steps in a program to drain cash from a recovering financial system.

By late morning, the two-year note was down 1/32 to yield 0.7341%, and the 10-year fell 12/32 for 3.3674%.

**U.S. CREDIT MARKETS**

The New York Federal Reserve midmorning kicked off the first in a series of reverse repurchase operations it announced formally earlier this week, buying a modest $180 million of securities.

The central bank's actions made less of an impression on the market than the morning's data, though, which hinted at a long-awaited improvement in the U.S. jobs market.

Initial claims for jobless benefits fell by 5,000 to 457,000 in the week ended Nov. 28, the Labor Department said in its weekly report Thursday. The previous week's level was revised to 462,000 from 466,000. The data fed optimism that the monthly nonfarm payrolls data could be better than economists' forecasts, which encouraged investors to buy riskier assets and sell low-risk government debt.

# Cancer treater from China plans U.S. IPO

By Lynn Cowan

U.S. investors often gravitate toward buying Chinese companies in new or expanding industries, but the coming initial public offering of **Concord Medical Services Holdings** Ltd. is banking on another area of growth: the diagnosis and treatment of cancer.

**IPO FOCUS**

The Beijing company, which aims to raise as much as $158.7 million through a listing on the New York Stock Exchange next week under the symbol CCM, says it operates the largest network of radiotherapy and diagnostic-imaging centers in China, by revenue and total number of centers. It runs 83 centers based in hospitals throughout the country with equipment ranging from gamma knife systems to magnetic resonance imaging scanners, or MRIs.

This year, 10 Chinese companies have launched IPOs in the U.S., ranging from online videogames and water-treatment gear to an online real-estate database and a hotel chain. The common driver has been continuing economic growth, rapid urbanization and an emerging middle class in a country where many private-sector businesses are in early stages of growth.

Concord Medical has essentially built a business around China's high cancer rate: Its centers are used in large part by partner hospitals to detect and treat the disease.

Cancer was the leading cause of death in China last year.

In the first nine months of 2009, net revenue and net income doubled to $30 million and $13 million, respectively, from a year earlier.

Concord's radiology center expansion could hit a ceiling. The company warns that there is a limited number of top-tier hospitals that haven't entered long-term agreements with the company or one of its competitors.

The IPO will consist of 12 million American depositary receipts, priced in a range of $9.50 to $11.50, raising as much as $138 million, with the potential to sell another 1.8 million ADRs if demand is strong. **China International Capital** Corp., **Morgan Stanley** and **J.P. Morgan Chase** & Co. are leading the deal.

# FUND SCORECARD

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### Leading 10 Performers

| FUND RATING* | FUND NAME | FUND MGM'T CO. | CURR. | LEGAL BASE | % Return in $US** YTD | 1-YR | 2-YR | 5-YR |
|---|---|---|---|---|---|---|---|---|
| 2 | **Janus US Venture A EUR** | Janus Capital Funds Plc | EUR | Ireland | **54.68** | 86.71 | -17.41 | 2.86 |
| NS | **Manulife GF US Small Cap Eq AA** | Manulife Global Fund | USD | Luxembrg | **61.78** | 75.56 | -15.85 | NS |
| 4 | **Artemis Alpha Trust PLC** | Artemis Investment Management Ltd | GBP | United Kingdom | **80.70** | 64.94 | -1.47 | 9.07 |
| 4 | **Legg Mason US Smaller Companies A** | Legg Mason Funds ICVC | GBP | United Kingdom | **41.09** | 62.92 | -4.96 | 4.27 |
| NS | **JPMorgan US Discovery IT ORD** | JPMorgan Asset Management (UK) Limited | GBP | United Kingdom | **38.29** | 60.08 | -17.24 | -4.68 |
| 4 | **SEB Choice Nordamerikafond Småbolag** | SEB Investment Management AB | SEK | Sweden | **48.19** | 58.02 | -7.94 | 4.53 |
| 4 | **LM Royce Smlr Coms B Inc (A) $** | Legg Mason Global Funds plc (Dublin) | USD | Ireland | **34.62** | 57.88 | -4.88 | 3.97 |
| 3 | **Danske Invest US Small Cap Value K** | Sampo Rahastoyhtiö Oy | EUR | Finland | **34.86** | 57.37 | -5.68 | 0.78 |
| 3 | **F&C American Smaller Comp Fd Acc** | F&C Fund Management Ltd | USD | Luxembrg | **33.30** | 57.19 | -4.62 | 1.34 |
| 3 | **F&C US Smaller Companies 1** | F&C Fund Management Ltd | GBP | United Kingdom | **35.93** | 56.28 | -4.12 | 1.65 |

**NOTE**: Changes in currency rates will affect performance and rankings.
**KEY**: ** 2YR and 5YR performance is annualized
**NA**-not available due to incomplete data;
**NS**-fund not in existence for entire period

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| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | —%RETURN— YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
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| AHW Top-Div.Int. | GL | EQ | LUX | 12/03 | EUR | 53.81 | 19.8 | 22.0 | -29.0 |
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| *www.alliancebernstein.com/investments Tel. +800 2263 8637* | | | | | | | | | |
| Am Eq Blend A | OT | OT | LUX | 12/02 | USD | 10.29 | 25.3 | 34.0 | -16.0 |
| Am Eq Blend B | US | EQ | LUX | 12/02 | USD | 9.68 | 24.3 | 32.8 | -16.8 |
| Am Growth A | US | EQ | LUX | 12/02 | USD | 30.47 | 33.1 | 53.0 | -7.5 |
| Am Growth AX | US | EQ | LUX | 12/02 | USD | 32.88 | 33.8 | 53.9 | -7.0 |
| Am Growth B | US | EQ | LUX | 12/02 | USD | 25.64 | 31.8 | 51.4 | -8.4 |
| Am Growth C | US | EQ | LUX | 12/02 | USD | 27.58 | 32.5 | 52.3 | -7.9 |
| Am Growth I | US | EQ | LUX | 12/02 | USD | 33.75 | 34.0 | 54.2 | -6.8 |
| Am Income A | US | BD | LUX | 12/02 | USD | 8.42 | 24.3 | 32.2 | 5.1 |
| Am Income A2 | US | BD | LUX | 12/02 | USD | 18.93 | 24.4 | 32.3 | 5.1 |
| Am Income A2 | OT | OT | NA | 12/02 | HKD | 146.71 | NS | NS | NS |
| Am Income AT | OT | OT | NA | 12/02 | HKD | 65.10 | NS | NS | NS |
| Am Income AT | US | BD | LUX | 12/02 | USD | 8.40 | 24.3 | 32.2 | 5.1 |
| Am Income B | US | BD | LUX | 12/02 | USD | 8.42 | 23.4 | 31.1 | 4.3 |
| Am Income B2 | US | BD | LUX | 12/02 | USD | 16.32 | 23.5 | 31.3 | 4.4 |
| Am Income B2 | OT | OT | NA | 12/02 | HKD | 126.48 | NS | NS | NS |
| Am Income BT | OT | OT | NA | 12/02 | HKD | 65.49 | NS | NS | NS |
| Am Income BT | US | BD | LUX | 12/02 | USD | 8.45 | 23.6 | 31.4 | 4.4 |
| Am Income C | US | BD | LUX | 12/02 | USD | 8.42 | 23.7 | 31.5 | 4.6 |
| Am Income C2 | US | BD | LUX | 12/02 | USD | 24.27 | 23.9 | 31.6 | 4.7 |
| Am Income I | US | BD | LUX | 12/02 | USD | 8.42 | 25.0 | 33.0 | 5.8 |
| Am Value A | US | EQ | LUX | 12/02 | USD | 8.48 | 17.6 | 33.3 | -15.0 |
| Am Value B | US | EQ | LUX | 12/02 | USD | 7.81 | 16.4 | 31.9 | -15.8 |
| Am Value C | US | EQ | LUX | 12/02 | USD | 8.48 | 17.0 | 32.7 | -15.4 |
| Am Value I | US | EQ | LUX | 12/02 | USD | 9.12 | 18.4 | 34.3 | -14.3 |
| Emg Mkts Debt A | GL | BD | LUX | 12/02 | USD | 15.57 | 43.6 | 56.1 | 7.8 |
| Emg Mkts Debt A2 | GL | BD | LUX | 12/02 | USD | 20.02 | 43.8 | 56.4 | 7.9 |
| Emg Mkts Debt AT | GL | BD | LUX | 12/02 | USD | 15.61 | 43.8 | 56.5 | 7.9 |
| Emg Mkts Debt B | GL | BD | LUX | 12/02 | USD | 15.57 | 42.3 | 54.7 | 6.7 |
| Emg Mkts Debt B2 | GL | BD | LUX | 12/02 | USD | 19.29 | 42.5 | 54.8 | 6.8 |
| Emg Mkts Debt BT | GL | BD | LUX | 12/02 | USD | 15.60 | 42.5 | 54.8 | 6.8 |
| Emg Mkts Debt C | GL | BD | LUX | 12/02 | USD | 15.57 | 43.0 | 55.5 | 7.3 |
| Emg Mkts Debt C2 | GL | BD | LUX | 12/02 | USD | 19.68 | 43.2 | 55.7 | 7.3 |
| Emg Mkts Debt I | GL | BD | LUX | 12/02 | USD | 15.57 | 44.2 | 56.9 | 8.4 |
| Emg Mkts Growth A | GL | EQ | LUX | 12/02 | USD | 34.29 | 71.1 | 88.1 | -14.2 |
| Emg Mkts Growth B | GL | EQ | LUX | 12/02 | USD | 29.09 | 69.6 | 86.4 | -15.1 |
| Emg Mkts Growth C | GL | EQ | LUX | 12/02 | USD | 29.73 | 70.4 | 87.3 | -14.6 |
| Emg Mkts Growth I | GL | EQ | LUX | 12/02 | USD | 37.99 | 72.4 | 89.7 | -13.6 |
| Eur Growth A | OT | OT | LUX | 12/02 | EUR | 10.27 | 22.4 | 22.9 | -19.7 |
| Eur Growth A | OT | OT | LUX | 12/02 | EUR | 6.82 | 22.4 | 22.9 | -19.7 |
| Eur Growth B | OT | OT | LUX | 12/02 | EUR | 6.14 | 21.3 | 21.6 | -20.4 |
| Eur Growth B | OT | OT | LUX | 12/02 | USD | 9.25 | 21.3 | 21.6 | -20.4 |
| Eur Growth C | EU | EQ | LUX | 12/02 | EUR | 5.17 | 21.9 | 22.2 | -20.0 |
| Eur Growth I | OT | OT | LUX | 12/02 | USD | 11.19 | 23.2 | 23.8 | -19.1 |
| Eur Growth I | OT | OT | LUX | 12/02 | EUR | 7.43 | 23.2 | 23.8 | -19.1 |
| Eur Income A | OT | OT | LUX | 12/02 | EUR | 6.61 | 39.1 | 34.7 | 3.6 |
| Eur Income A | OT | OT | LUX | 12/02 | USD | 9.95 | 39.1 | 34.7 | 3.6 |
| Eur Income A2 | OT | OT | LUX | 12/02 | EUR | 12.82 | 39.2 | 34.7 | 3.6 |
| Eur Income A2 | OT | OT | LUX | 12/02 | USD | 19.31 | 39.2 | 34.7 | 3.6 |
| Eur Income AT | EU | BD | LUX | 12/02 | EUR | 6.60 | 39.2 | 34.7 | 3.6 |
| Eur Income B | OT | OT | LUX | 12/02 | EUR | 6.61 | 38.3 | 33.8 | 2.9 |
| Eur Income B | OT | OT | LUX | 12/02 | USD | 9.95 | 38.3 | 33.8 | 2.9 |
| Eur Income B2 | OT | OT | LUX | 12/02 | EUR | 11.93 | 38.2 | 33.7 | 2.8 |
| Eur Income B2 | OT | OT | LUX | 12/02 | USD | 17.97 | 38.2 | 33.7 | 2.8 |
| Eur Income BT | EU | BD | LUX | 12/02 | EUR | 6.60 | 38.4 | 33.9 | 2.8 |
| Eur Income C | OT | OT | LUX | 12/02 | EUR | 6.61 | 38.6 | 34.1 | 3.1 |
| Eur Income C | OT | OT | LUX | 12/02 | USD | 9.95 | 38.6 | 34.1 | 3.1 |
| Eur Income C2 | OT | OT | LUX | 12/02 | EUR | 12.79 | 38.7 | 34.2 | 3.1 |
| Eur Income C2 | OT | OT | LUX | 12/02 | USD | 19.26 | 38.7 | 34.2 | 3.1 |
| Eur Income I | OT | OT | LUX | 12/02 | EUR | 6.61 | 39.7 | 35.3 | 4.2 |
| Eur Income I | OT | OT | LUX | 12/02 | USD | 9.95 | 39.7 | 35.3 | 4.2 |
| Eur Strat Value A | OT | OT | LUX | 12/02 | EUR | 8.31 | 19.4 | 19.7 | -23.5 |
| Eur Strat Value A | OT | OT | LUX | 12/02 | USD | 12.51 | 19.4 | 19.7 | -23.5 |
| Eur Strat Value I | OT | OT | LUX | 12/02 | EUR | 8.51 | 20.4 | 20.9 | -22.8 |
| Eur Strat Value I | OT | OT | LUX | 12/02 | USD | 12.82 | 20.4 | 20.9 | -22.8 |
| Eur Value A | OT | OT | LUX | 12/02 | USD | 13.49 | 23.1 | 23.8 | -20.5 |
| Eur Value A | OT | OT | LUX | 12/02 | EUR | 8.96 | 23.1 | 23.8 | -20.5 |
| Eur Value B | OT | OT | LUX | 12/02 | EUR | 8.25 | 21.9 | 22.6 | -21.2 |
| Eur Value B | OT | OT | LUX | 12/02 | USD | 12.42 | 21.9 | 22.6 | -21.2 |
| Eur Value C | OT | OT | LUX | 12/02 | USD | 13.04 | 22.3 | 23.2 | -20.8 |
| Eur Value C | OT | OT | LUX | 12/02 | EUR | 8.66 | 22.3 | 23.2 | -20.8 |
| Eur Value I | OT | OT | LUX | 12/02 | USD | 15.57 | 23.8 | 24.7 | -19.8 |
| Eur Value I | OT | OT | LUX | 12/02 | EUR | 10.34 | 23.8 | 24.7 | -19.8 |
| Gl Balanced (Euro) A | OT | OT | LUX | 12/02 | USD | 17.05 | 19.4 | 23.3 | -12.3 |
| Gl Balanced (Euro) B | OT | OT | LUX | 12/02 | USD | 16.63 | 18.3 | 22.1 | -13.1 |
| Gl Balanced (Euro) C | OT | OT | LUX | 12/02 | USD | 16.93 | 19.2 | 23.1 | -12.5 |
| Gl Balanced (Euro) I | OT | OT | LUX | 12/02 | USD | 17.35 | NS | NS | NS |
| Gl Balanced A | US | BA | LUX | 12/02 | USD | 16.58 | 24.8 | 32.3 | -11.0 |
| Gl Balanced B | US | BA | LUX | 12/02 | USD | 15.77 | 23.6 | 31.0 | -11.9 |
| Gl Balanced C | OT | OT | LUX | 12/02 | USD | 16.33 | 24.4 | 31.9 | -11.2 |
| Gl Balanced C | OT | OT | LUX | 12/02 | EUR | 10.84 | 24.4 | 31.9 | -11.2 |
| Gl Balanced I | US | BA | LUX | 12/02 | USD | 17.18 | 25.5 | 33.2 | -10.3 |
| Gl Bond A | US | BD | LUX | 12/02 | USD | 9.34 | 13.5 | 16.8 | 4.9 |
| Gl Bond A2 | US | BD | LUX | 12/02 | USD | 16.14 | 13.6 | 16.8 | 4.9 |
| Gl Bond A2 | OT | OT | NA | 12/02 | HKD | 125.08 | 13.6 | 16.8 | 4.9 |
| Gl Bond AT | OT | OT | LUX | 12/02 | HKD | 72.31 | 13.6 | 16.8 | 4.9 |
| Gl Bond AT | US | BD | LUX | 12/02 | USD | 9.33 | 13.6 | 16.8 | 4.9 |
| Gl Bond B | US | BD | LUX | 12/02 | USD | 9.34 | 12.5 | 15.6 | 3.8 |
| Gl Bond B2 | US | BD | LUX | 12/02 | USD | 14.14 | 12.5 | 15.6 | 3.8 |
| Gl Bond B2 | OT | OT | NA | 12/02 | HKD | 109.58 | 12.5 | 15.6 | 3.8 |
| Gl Bond BT | OT | OT | LUX | 12/02 | HKD | 72.54 | 12.4 | 15.5 | 3.8 |
| Gl Bond BT | US | BD | LUX | 12/02 | USD | 9.36 | 12.4 | 15.5 | 3.8 |
| Gl Bond C | US | BD | LUX | 12/02 | USD | 9.34 | 13.0 | 16.3 | 4.4 |
| Gl Bond C2 | US | BD | LUX | 12/02 | USD | 14.01 | 13.1 | 16.3 | 4.4 |
| Gl Bond I | US | BD | LUX | 12/02 | USD | 9.34 | 14.0 | 17.4 | 5.4 |
| Gl Conservative A | US | BA | LUX | 12/02 | USD | 14.94 | 15.9 | 20.4 | -4.4 |
| Gl Conservative A2 | US | BA | LUX | 12/02 | USD | 17.01 | 16.7 | 21.2 | -4.1 |
| Gl Conservative B | US | BA | LUX | 12/02 | USD | 14.95 | 15.2 | 19.6 | -5.2 |
| Gl Conservative B2 | US | BA | LUX | 12/02 | USD | 16.17 | 15.6 | 20.0 | -5.1 |
| Gl Conservative C | US | BA | LUX | 12/02 | USD | 14.94 | 15.6 | 20.1 | -4.8 |
| Gl Conservative C2 | US | BA | LUX | 12/02 | USD | 16.64 | 16.2 | 20.7 | -4.6 |
| Gl Conservative I | US | BA | LUX | 12/02 | USD | 15.00 | 16.7 | 21.4 | -3.7 |
| Gl Eq Blend A | GL | EQ | LUX | 12/02 | USD | 11.71 | 31.0 | 42.1 | -21.7 |
| Gl Eq Blend B | GL | EQ | LUX | 12/02 | USD | 11.00 | 29.9 | 40.8 | -22.4 |
| Gl Eq Blend C | GL | EQ | LUX | 12/02 | USD | 11.51 | 30.5 | 41.6 | -22.0 |
| Gl Eq Blend I | GL | EQ | LUX | 12/02 | USD | 12.35 | 32.1 | 43.4 | -21.0 |
| Gl Growth A | GL | EQ | LUX | 12/02 | USD | 41.97 | 30.1 | 40.4 | -22.3 |
| Gl Growth B | GL | EQ | LUX | 12/02 | USD | 35.06 | 28.9 | 39.0 | -23.1 |
| Gl Growth C | GL | EQ | LUX | 12/02 | USD | 40.29 | 29.6 | 39.8 | -22.7 |
| Gl Growth I | GL | EQ | LUX | 12/02 | USD | 46.57 | 31.1 | 41.6 | -21.7 |
| Gl High Yield A | US | BD | LUX | 12/02 | USD | 4.25 | 56.6 | 64.2 | 3.2 |
| Gl High Yield A2 | US | BD | LUX | 12/02 | USD | 9.03 | 56.8 | 64.5 | 3.1 |
| Gl High Yield A2 | OT | OT | NA | 12/02 | HKD | 69.98 | 56.8 | 64.5 | 3.1 |
| Gl High Yield AT | OT | OT | NA | 12/02 | HKD | 32.63 | 57.2 | 64.4 | 3.2 |
| Gl High Yield AT | US | BD | LUX | 12/02 | USD | 4.21 | 57.2 | 64.4 | 3.2 |
| Gl High Yield B | US | BD | LUX | 12/02 | USD | 4.25 | 54.7 | 62.1 | 1.9 |
| Gl High Yield B2 | US | BD | LUX | 12/02 | USD | 14.53 | 55.4 | 62.7 | 2.1 |
| Gl High Yield B2 | OT | OT | NA | 12/02 | HKD | 112.61 | 55.4 | 62.7 | 2.1 |
| Gl High Yield BT | OT | OT | NA | 12/02 | HKD | 33.17 | 55.2 | 63.1 | 2.2 |
| Gl High Yield BT | US | BD | LUX | 12/02 | USD | 4.28 | 55.2 | 63.1 | 2.2 |
| Gl High Yield C | US | BD | LUX | 12/02 | USD | 4.25 | 55.8 | 63.3 | 2.6 |
| Gl High Yield C2 | US | BD | LUX | 12/02 | USD | 13.40 | 56.4 | 63.8 | 2.7 |
| Gl High Yield I | US | BD | LUX | 12/02 | USD | 4.25 | 57.6 | 65.4 | 3.9 |
| Gl Value A | GL | EQ | LUX | 12/02 | USD | 11.22 | 32.2 | 44.2 | -21.0 |
| Gl Value B | GL | EQ | LUX | 12/02 | USD | 10.31 | 30.8 | 42.6 | -21.8 |
| Gl Value C | GL | EQ | LUX | 12/02 | USD | 10.91 | 31.6 | 43.6 | -21.4 |
| Gl Value I | GL | EQ | LUX | 12/02 | USD | 11.92 | 33.0 | 45.2 | -20.4 |
| Gl. Thematic Res. A | OT | OT | LUX | 12/02 | USD | 14.73 | 68.3 | 87.6 | -5.9 |
| Gl. Thematic Res. B | OT | OT | LUX | 12/02 | USD | 12.89 | 66.8 | 85.7 | -6.9 |
| Gl. Thematic Res. I | OT | OT | LUX | 12/02 | USD | 16.41 | 69.5 | 89.3 | -5.2 |
| Greater China A | AS | EQ | LUX | 12/02 | USD | 40.32 | 57.2 | 72.1 | -18.4 |
| Greater China B | AS | EQ | LUX | 12/02 | USD | 35.71 | 55.7 | 70.3 | -19.3 |
| Greater China C | AS | EQ | LUX | 12/02 | USD | 39.83 | 56.6 | 71.3 | -18.8 |
| India Growth A | OT | OT | LUX | 12/02 | USD | 125.25 | NS | NS | NS |
| India Growth AX | OT | OT | LUX | 12/02 | USD | 109.46 | 89.5 | 104.0 | -8.7 |
| India Growth B | OT | OT | LUX | 12/02 | USD | 131.31 | NS | NS | NS |
| India Growth BX | OT | OT | LUX | 12/02 | USD | 93.64 | 87.8 | 102.0 | -9.6 |
| India Growth I | EA | EQ | LUX | 12/02 | USD | 113.38 | 90.2 | 104.8 | -8.4 |
| Int'l Health Care A | OT | EQ | LUX | 12/02 | USD | 135.90 | 15.7 | 25.6 | -10.0 |
| Int'l Health Care B | OT | EQ | LUX | 12/02 | USD | 114.72 | 14.7 | 24.4 | -10.9 |
| Int'l Health Care C | OT | EQ | LUX | 12/02 | USD | 130.29 | 15.3 | 25.1 | -10.4 |
| Int'l Health Care I | OT | EQ | LUX | 12/02 | USD | 148.39 | 16.6 | 26.7 | -9.3 |
| Int'l Technology A | OT | EQ | LUX | 12/02 | USD | 105.75 | 44.6 | 56.2 | -13.3 |
| Int'l Technology B | OT | EQ | LUX | 12/02 | USD | 91.70 | 43.2 | 54.6 | -14.1 |
| Int'l Technology C | OT | EQ | LUX | 12/02 | USD | 102.23 | 44.0 | 55.5 | -13.7 |
| Int'l Technology I | OT | EQ | LUX | 12/02 | USD | 118.49 | 45.6 | 57.4 | -12.6 |
| Japan Eq Blend A | JP | EQ | LUX | 12/02 | JPY | 5646.00 | 5.2 | 15.4 | -27.1 |
| Japan Eq Blend B | JP | EQ | LUX | 12/02 | JPY | 5452.00 | 4.2 | 14.2 | -27.8 |
| Japan Eq Blend C | JP | EQ | LUX | 12/02 | JPY | 5558.00 | 4.8 | 14.9 | -27.4 |
| Japan Growth A | JP | EQ | LUX | 12/02 | JPY | 5568.00 | 0.1 | 8.3 | -27.2 |
| Japan Growth B | JP | EQ | LUX | 12/02 | JPY | 5378.00 | -0.8 | 7.3 | -27.9 |
| Japan Growth C | JP | EQ | LUX | 12/02 | JPY | 5482.00 | -0.3 | 7.9 | -27.5 |
| Japan Strat Value A | JP | EQ | LUX | 12/02 | JPY | 5694.00 | 10.4 | 22.5 | -27.3 |
| Japan Strat Value B | JP | EQ | LUX | 12/02 | JPY | 5505.00 | 9.4 | 21.3 | -28.0 |
| Japan Strat Value C | JP | EQ | LUX | 12/02 | JPY | 5602.00 | 10.0 | 21.9 | -27.6 |
| Real Estate Sec. A | OT | EQ | LUX | 12/02 | USD | 14.27 | 33.7 | 55.6 | -17.9 |
| Real Estate Sec. B | OT | EQ | LUX | 12/02 | USD | 13.06 | 32.6 | 54.0 | -18.7 |
| Real Estate Sec. I | OT | EQ | LUX | 12/02 | USD | 15.33 | 34.7 | 56.9 | -17.2 |
| Short Mat Dollar A | US | BD | LUX | 12/02 | USD | 7.20 | 10.3 | 11.6 | -6.6 |
| Short Mat Dollar A2 | US | BD | LUX | 12/02 | USD | 9.67 | 10.4 | 11.5 | -6.7 |
| Short Mat Dollar AT | US | BD | LUX | 12/02 | USD | 7.19 | 10.5 | 11.8 | -6.6 |
| Short Mat Dollar B | US | BD | LUX | 12/02 | USD | 7.20 | 9.9 | 11.1 | -7.0 |
| Short Mat Dollar B2 | US | BD | LUX | 12/02 | USD | 9.63 | 9.9 | 11.1 | -7.0 |
| Short Mat Dollar BT | OT | OT | LUX | 12/02 | USD | 7.20 | 9.2 | 10.4 | -7.3 |
| Short Mat Dollar C | US | BD | LUX | 12/02 | USD | 7.20 | 9.9 | 11.1 | -7.0 |
| Short Mat Dollar C2 | US | BD | LUX | 12/02 | USD | 13.61 | 9.9 | 11.0 | -7.0 |
| Short Mat Dollar I | US | BD | LUX | 12/02 | USD | 7.20 | 10.9 | 12.2 | -6.0 |

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| *Tel: +1 212 301 1800 Fax: +1 212 301 1810* | | | | | | | | | |
| Alexandra Convertible Bond Fund I, Ltd. (Class A) | OT | OT | VGB | 10/30 | USD | 1642.69 | 69.6 | 71.6 | NS |
| **CREDIT PACIFIC ASSET MANAGMENT** | | | | | | | | | |
| *www.creditpacific.com* | | | | | | | | | |
| CPS-Master Priv Fund | GL | OT | WSM | 12/01 | USD | 120.50 | 20.5 | 20.3 | 10.1 |
| **PLATINUM CAPITAL MANAGEMENT** | | | | | | | | | |
| *Tel: +44 207 024 9840, www.platinumfunds.net* | | | | | | | | | |
| Platinm-All Star | OT | OT | CYM | 09/30 | USD | 94.24 | 12.2 | -6.9 | -12.2 |
| Platinm-All Weather | OT | OT | USA | 10/31 | USD | 129.92 | 2.4 | 3.2 | 3.8 |
| Platinm-Dynasty | OT | OT | USA | 09/30 | USD | 108.96 | 6.0 | 3.6 | -31.0 |
| Platinm-Emancipation | OT | OT | USA | 09/30 | USD | 96.83 | 29.4 | 0.4 | -7.7 |
| Platinm-Equity Plus | OT | OT | USA | 05/29 | USD | 35.02 | -18.2 | -63.7 | -45.6 |
| Platinm-Gbl Dividend | OT | OT | CYM | 09/30 | USD | 59.71 | 27.4 | -18.1 | -32.3 |
| Platinm-Nordic | OT | OT | CYM | 09/30 | SEK | 591.49 | 8.4 | -6.2 | -19.0 |
| Platinm-Premier | OT | OT | CYM | 12/31 | USD | 21.20 | -55.9 | -66.0 | -44.3 |
| Platinm-Turnberry | OT | OT | USA | 09/30 | USD | 55.93 | NS | 8.3 | -39.0 |
| **SUPERFUND ASSET MANAGEMENT GMBH** | | | | | | | | | |
| *For info about open funds, contact info@superfund.com and www.superfund.com* | | | | | | | | | |
| **Closed for New Investments* | | | | | | | | | |
| Superfund Cayman* | OT | OT | CYM | 12/01 | USD | 53.48 | -35.8 | -32.6 | 8.8 |
| Superfund GCT USD* | GL | EQ | LUX | 12/01 | USD | 2705.00 | -25.9 | -24.5 | 8.4 |
| Superfund Green Gold A (SPC) | OT | OT | CYM | 12/01 | USD | 1221.92 | 5.1 | 13.2 | 23.5 |
| Superfund Green Gold B (SPC) | OT | OT | CYM | 12/01 | USD | 1268.02 | -5.9 | 1.8 | 23.7 |
| Superfund Q-AG* | OT | OT | AUT | 12/01 | EUR | 7509.00 | -14.3 | -12.8 | 9.6 |
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| Winton Evolution EUR Cls H | OT | OT | CYM | 11/30 | EUR | 972.73 | NS | NS | NS |
| Winton Evolution GBP Cls G | OT | OT | CYM | 11/30 | GBP | 976.73 | NS | NS | NS |
| Winton Evolution USD Cls F | OT | OT | CYM | 11/30 | USD | 1232.74 | -2.8 | -1.2 | 3.7 |
| Winton Futures EUR Cls C | OT | OT | VGB | 11/30 | EUR | 202.11 | -1.8 | -0.1 | 9.2 |
| Winton Futures GBP Cls D | OT | OT | VGB | 11/30 | GBP | 218.35 | -1.6 | 0.4 | 10.2 |
| Winton Futures JPY Cls E | OT | OT | VGB | 11/30 | JPY | 14398.02 | -2.4 | -0.4 | 6.9 |
| Winton Futures USD Cls B | OT | OT | VGB | 11/30 | USD | 716.94 | -2.2 | -0.2 | 8.9 |
| **ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT** | | | | | | | | | |
| Concentra AE | EU | EQ | DEU | 12/03 | EUR | 51.01 | 31.2 | 44.5 | -12.4 |
| Industria AE | EU | EQ | DEU | 12/03 | EUR | 70.19 | 34.1 | 36.8 | -18.1 |
| InternRent AE | EU | BD | DEU | 12/03 | EUR | 35.00 | 3.0 | -2.2 | 8.9 |

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

MARKETS

# Stocks are pulled lower by weak economic data

By Geoffrey Rogow

Stocks fell slightly, as a report of declining growth for the U.S. service sector weighed on the market, though trade was muted ahead of Friday's nonfarm payrolls report.

**ABREAST OF THE MARKET**

At midday in New York, the Dow Jones Industrial Average was down 0.1% at 10442.63, after ranging from up as much as 50 points to down as much as 40 points. Components **American Express** and **3M** fell.

The Standard & Poor's 500-stock index was roughly flat at 1108.80. The technology-laden Nasdaq Composite Index was up 0.3% to 2191.59.

Traders said the employment component of the weak Institute for Supply Management report out Thursday was an important indicator ahead of Friday's jobs data. It was modestly higher, though it did "speak to a contracting labor market," said Craig Peckham, equity trading strategist with Jefferies.

**Bank of America** rose 2.4% on news it has reached an agreement to repay $45 billion in federal bailout funds and escape pay restrictions and other curbs imposed by the U.S. government.

**Comcast**, of Philadelphia, jumped 6.6% on its agreement to take majority ownership of NBC Universal from **General Electric** in a complex deal valued at more than $30 billion. GE rose 0.8%.

**Toll Brothers** fell 6.5%. Its fiscal fourth-quarter loss widened amid continued write-downs and a choppy housing market. The Horsham, Pa., luxury-home builder said it is seeing some signs of a gradual recovery. Still, a cautious tone underpinned its outlook for next year.

## European markets

Shares posted modest declines, with increases in the auto sector unable to overcome more questions about the strength of the economic recovery.

The pan-European Dow Jones Stoxx 600 index fell 0.2% to 246.33. Goldman Sachs European portfolio strategists set a target of 300 for the index by the end of 2010.

The U.K.'s FTSE 100 index slipped 0.3% to 5313.00, Germany's DAX index fell 0.2% to 5770.35, while France's CAC-40 index rose 0.1% to 3799.11.

**BMW**, **Fiat** and **Renault** all rose more than 1%. The Goldman strategists remain overweight on autos and auto-parts makers, saying the sector can continue to deliver positive earnings surprises.

**Peugeot** fell 2.7% after saying it is talking with **Mitsubishi Motors** about a tie-up.

**Xstrata** retreated 3.8% after it said it will increase capital expenditure to $6.8 billion, up from a previous target of $3.6 billion.

German industrial conglomerate **Siemens** fell 5.2% after it narrowed its fourth-quarter net loss to €1.1 billion euros ($1.65 billion) but gave a downbeat assessment of prospects for 2010.

# Comments by Trichet give dollar a boost

By Bradley Davis

NEW YORK—The dollar remained down against the euro Thursday but recovered from near 16-month lows, after the head of the European Central Bank sent a mixed message to markets.

**CURRENCY MARKETS**

ECB President Jean-Claude Trichet indicated an economic recovery is at hand, while the shift in procedures announced by Mr. Trichet amount to an incipient exit strategy from the ECB's unconventional policy measures to combat the credit crisis.

In late morning trading, the euro was at $1.5081 from $1.5045 late Wednesday. The dollar was at 88.22 yen from 87.40 yen, while the euro was at 133.02 yen from 131.48 yen. The U.K. pound was at $1.6585 from $1.6638. The dollar was at 0.9994 Swiss francs from 1.0017 francs.

There is a reluctance by the ECB "to put their foot on the brake aggressively in any sort of fashion," said Alan Ruskin, global head of currency strategy for RBS Global Banking and Markets.

The dollar continued its rise against the yen as investors cast cautious eyes toward the Bank of Japan, which could be instructed to intervene to temper yen strength.

The Bank of Japan's decision Tuesday to extend a new funding facility, which helps to lower yen interest rates, continued to drag on the Japanese currency.

# Japan stocks soar 3.8% on hopes for yen curbs

By Myra P. Saefong And Shri Navaratnam

Japanese stocks surged Thursday on sharp gains in export shares, as investors bet that authorities would step in to curb the yen's rise.

Most other Asian markets also gained, with the Korea Composite Stock Price Index, or Kospi, up 1.5% and Hong Kong's Hang Seng Index ahead 1.2%.

In Tokyo, the Nikkei Stock Average of 225 companies climbed 3.8% to 9977.67. The dollar rose against the yen after Japanese Prime Minister Yukio Hatoyama was quoted by the Nikkei newspaper on Wednesday as saying the yen's sharp rise against major currencies "cannot be left as is."

**ASIAN-PACIFIC STOCKS**

"The Nikkei is the clear standout," said Chris Weston, a market analyst at IG Markets in Melbourne. And it's "very much a yen trade."

**Mitsubishi Motors** jumped 13% after the car maker said it was in talks with France's **PSA Peugeot Citroën** about a capital tie-up that could see the French auto maker take a stake in the Japanese company. Analyst Yoshihiro Okumura at Chibagin Asset Management said the deal would be positive for Mitsubishi Motors in potentially boosting its scale in Europe.

The Mitsubishi Motors news helped other auto shares gain ground. **Honda Motor** rose 4.2% and **Nissan Motor** climbed 6.8%.

Tech companies and other exporters also rallied, with **Elpida Memory** surging 8.6% and **Sony** gaining 6%. **Tokyo Electron** rose 7.1%, while **Advantest** added 5.9%.

In Seoul, the Kospi climbed to 1615.00. **LG Electronics** jumped 8.2% as concerns eased about its fourth-quarter earnings and its lineup of phones, with the company likely to soon launch new smart phones, said Yoo Soo-min, an analyst at Hyundai Securities.

Technology firms were stronger on continued purchases by foreign investors and program buying amid expectations that global economic-stimulus programs would be extended. **Samsung Electronics** climbed 1.6% and **Hynix Semiconductor** advanced 1.3%.

Car makers also gained, with **Ssangyong Motor** up 5.6%.

In Hong Kong, the Hang Seng Index advanced to 22553.87, its fourth straight rise, led by gains in developers.

**Henderson Land Development** jumped 6% after Chairman Lee Shau-kee said the company plans to spend 10 billion Hong Kong dollars (US$1.3 billion) buying land and old buildings in Hong Kong next year. **Guotai Junan Securities** said in a report Thursday that it expects Hong Kong's residential property prices to rise 10% from their current levels in the first half of next year, due to limited supply and the city's low interest rates. **Hang Lung Properties** rose 2.9%, and **Cheung Kong (Holdings)** climbed 1.9%.


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GAM

**GAM FUND MANAGEMENT LIMITED**
*George's Court, 54-62 Townsend Street, Dublin 2, Ireland*
*Tel +3531 609 3927 Fax +3531 611 7941, Internet: www.gam.com*

| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| GAM Arbitrage Op | OT | OT | VGB | 11/27 | USD | 1245.90 | 22.9 | 9.7 | -8.8 |
| GAM Asia Eq Hdg JPY Op | GL | EQ | VGB | 11/30 | JPY | 14828.64 | 58.2 | 71.2 | -1.9 |
| GAM Asia Equity Hedge US | OT | OT | VGB | 11/30 | USD | 279.62 | 60.2 | 74.2 | 0.2 |
| GAM Asia Equity USD | OT | OT | VGB | 12/02 | USD | 646.28 | 61.0 | 84.1 | -14.6 |
| GAM Asia-Pacific Eq USD | OT | OT | VGB | 12/01 | USD | 1244.79 | 15.9 | 29.6 | -17.2 |
| GAM Com Glb Bal EUR Op | US | BA | VGB | 11/23 | EUR | 92.43 | 15.1 | 18.7 | -9.0 |
| GAM Com Glb Bal USD Op | US | BA | VGB | 11/23 | USD | 127.74 | 15.1 | 18.7 | -9.0 |
| GAM Comp Glb Eq EUR Op | GL | EQ | VGB | 11/23 | EUR | 93.65 | 21.3 | 28.4 | -16.1 |
| GAM Comp Glb Eq USD Op | GL | EQ | VGB | 11/23 | USD | 126.68 | 21.3 | 28.4 | -16.1 |
| GAM Comp Glb Gr EUR Op | US | BA | VGB | 11/23 | EUR | 82.80 | 15.2 | 20.6 | -13.3 |
| GAM Comp Glb Gr USD Op | US | BA | VGB | 11/23 | USD | 126.58 | 15.2 | 20.6 | -13.3 |
| GAM CompAbsRT EUR Op | OT | OT | VGB | 09/30 | EUR | 141.71 | 9.1 | 0.1 | -6.9 |
| GAM CompAbsRT SGD Op | OT | OT | VGB | 09/30 | SGD | 102.21 | 9.2 | -0.1 | -8.3 |
| GAM CompAbsRT USD Op | OT | OT | VGB | 09/30 | USD | 845.66 | 9.5 | 0.7 | -7.0 |
| GAM Cptal Apprec Eq Inc | US | EQ | VGB | 11/30 | USD | 238.76 | 31.1 | 37.3 | -14.1 |
| GAM Cross Trading Inc | OT | OT | VGB | 11/23 | USD | 467.75 | 6.9 | 7.2 | NS |
| GAM Diversity CHF Op | OT | OT | VGB | 11/23 | CHF | 94.42 | 4.4 | 2.5 | -7.0 |
| GAM Diversity EUR Op | OT | OT | VGB | 11/23 | EUR | 649.12 | 5.2 | 3.6 | -5.3 |
| GAM Diversity USD 2.5XL | OT | OT | VGB | 10/30 | USD | 76.73 | 6.4 | -4.0 | -22.6 |
| GAM Diversity USD Op | OT | OT | VGB | 11/23 | USD | 681.66 | 5.2 | 4.2 | NS |
| GAM Dvrsty II CHF Op | OT | OT | VGB | 11/23 | CHF | 99.73 | 4.2 | 2.8 | NS |
| GAM Dvrsty II EUR Op | OT | OT | VGB | 11/23 | EUR | 139.02 | 4.8 | 2.9 | -5.5 |
| GAM Dvrsty II USD Op | OT | OT | VGB | 11/23 | USD | 210.63 | 4.8 | 3.6 | -5.7 |
| GAM DvrstyIII EUR Op | OT | OT | VGB | 10/30 | EUR | 114.70 | 3.8 | -0.4 | -6.5 |
| GAM DvrstyIII USD Op | OT | OT | VGB | 10/30 | USD | 121.09 | 3.8 | -0.1 | -6.6 |
| GAM Euro Eq Hdg EUR Op | EU | EQ | VGB | 11/30 | EUR | 212.21 | 7.6 | 8.3 | -6.3 |
| GAM Euro Eq Hdg USD Op | OT | OT | VGB | 11/30 | USD | 197.46 | 8.4 | 9.6 | -4.1 |
| GAM European Equity USD | OT | OT | VGB | 12/01 | USD | 302.51 | 28.6 | 44.6 | -14.0 |
| GAM GAMCO | OT | EQ | VGB | 12/01 | USD | 800.00 | 37.9 | 55.0 | -11.2 |
| GAM Gb EmMkts Hdg EUROp | OT | OT | VGB | 10/30 | EUR | 97.64 | 13.2 | 12.7 | -17.5 |
| GAM Gb EmMkts Hdg USDOp | OT | OT | VGB | 11/30 | USD | 103.26 | 14.1 | 14.1 | -15.2 |
| GAM Gbl Divers USD Inc. | GL | EQ | VGB | 11/30 | USD | 246.58 | 20.8 | 30.8 | -9.1 |
| GAM Grtr China Eq Hdg Op | GL | EQ | VGB | 11/23 | USD | 278.90 | 95.3 | 117.5 | 17.5 |
| GAM Intrst Trend II | GL | BD | VGB | 11/23 | USD | 95.94 | 45.2 | 40.8 | -10.1 |
| GAM Intrst Trend Inc | OT | OT | VGB | 11/30 | USD | 250.31 | 57.1 | 52.3 | -5.5 |
| GAM Japan Eq Hdg EUR Op | AS | EQ | VGB | 11/30 | EUR | 108.76 | 1.8 | 4.1 | -11.7 |
| GAM Japan Eq Hdg USD Op | OT | OT | VGB | 11/30 | USD | 112.96 | 0.4 | 6.5 | -23.1 |
| GAM Japan Eq Hdg YEN Open | AS | EQ | VGB | 10/30 | JPY | 8507.22 | 10.3 | 23.5 | -21.8 |
| GAM Japan USD | JP | EQ | VGB | 12/02 | USD | 1051.72 | 1.6 | 18.0 | -19.7 |
| GAM Japan YEN | JP | EQ | VGB | 12/02 | JPY | 8190.09 | 2.2 | 15.9 | -26.9 |
| GAM Money Mkt EuroOp | EU | MM | VGB | 12/01 | EUR | 51.19 | 0.1 | 0.2 | 1.8 |
| GAM Money Mkt USD | US | MM | VGB | 12/01 | USD | 100.03 | 0.0 | 0.0 | 1.0 |
| GAM Multi-Arb EUR Op | OT | OT | VGB | 11/23 | EUR | 113.51 | 1.3 | -1.9 | -8.7 |
| GAM Multi-Arb USD Op | OT | OT | VGB | 10/30 | USD | 118.02 | 1.1 | -5.6 | -9.4 |
| GAM Multi-China EUR Op | OT | OT | VGB | 10/30 | EUR | 159.17 | 7.2 | 7.9 | -15.9 |
| GAM Multi-China USD Op | OT | OT | VGB | 10/30 | USD | 167.40 | 7.8 | 8.4 | 4.1 |
| GAM Multi-Emer Mkts GBP | OT | OT | VGB | 10/30 | GBP | 127.90 | 22.3 | 20.4 | -4.2 |
| GAM Multi-Emer Mkts USD | OT | OT | VGB | 11/23 | USD | 644.45 | 24.4 | 22.9 | -2.9 |
| GAM Multi-Eur EUR Op | OT | OT | VGB | 10/30 | EUR | 265.40 | 5.7 | 5.1 | -12.5 |
| GAM Multi-Eur II EUR Op | OT | OT | VGB | 11/23 | EUR | 137.78 | 6.6 | 6.0 | -10.3 |
| GAM Multi-Eur II USD Op | OT | OT | VGB | 11/23 | USD | 112.70 | 6.3 | 5.6 | -11.2 |
| GAM Multi-Eur USD Op | OT | OT | VGB | 10/30 | USD | 462.12 | 5.5 | 4.6 | -13.5 |
| GAM Multi-Nth Am EUR Special | OT | OT | VGB | 11/23 | EUR | 132.52 | 11.2 | 11.0 | NS |
| GAM Multi-Nth Am USD Special | OT | OT | VGB | 11/23 | USD | 215.93 | 11.6 | 14.3 | NS |
| GAM Multi-Pac EUR Op | GL | EQ | VGB | 10/30 | EUR | 140.15 | 2.8 | 2.4 | -6.4 |
| GAM Multi-Pac USD Op | OT | OT | VGB | 11/23 | USD | 163.35 | 3.9 | 3.3 | -5.4 |
| GAM Portable Dvr/S&P500 | OT | OT | VGB | 08/24 | USD | 70.11 | 17.7 | -27.7 | -22.9 |
| GAM Selection Hdg | US | EQ | VGB | 11/27 | USD | 2529.35 | 62.5 | 73.0 | 9.5 |
| GAM Sing/Malaysia | AS | EQ | VGB | 12/02 | USD | 2521.49 | 51.8 | 60.6 | -10.9 |
| GAM Sterling Spe Bd Inc | OT | OT | VGB | 11/30 | GBP | 241.39 | 39.7 | 39.6 | 2.2 |
| GAM Trading EUR Inc | OT | OT | VGB | 11/23 | EUR | 326.42 | 6.8 | 6.6 | 7.5 |
| GAM Trading USD Inc | OT | OT | VGB | 11/23 | USD | 976.92 | 7.0 | 6.7 | 6.9 |
| GAM Trdg II IncEUR Op | OT | OT | VGB | 11/23 | EUR | 139.65 | 6.7 | 6.5 | 7.4 |
| GAM Trdg II IncUSD Op | OT | OT | VGB | 11/23 | USD | 317.20 | 7.0 | 6.8 | 7.0 |
| GAM Trdg IV IncEUR Op | OT | OT | VGB | 11/23 | EUR | 147.36 | 6.5 | 6.2 | 7.0 |
| GAM Trdg IV IncUSD Op | OT | OT | VGB | 11/23 | USD | 155.13 | 6.7 | 6.5 | 6.8 |
| GAM Trdg V IncEUR Op | OT | OT | VGB | 10/30 | EUR | 124.10 | 5.8 | 6.6 | 7.1 |
| GAM Trdg V IncUSD Op | OT | OT | VGB | 10/30 | USD | 129.23 | 5.9 | 7.1 | 6.8 |
| GAM TrdgIII IncEUR Op | OT | OT | VGB | 11/23 | EUR | 157.56 | 6.5 | 6.1 | 7.1 |
| GAM TrdgIII IncUSD Op | OT | OT | VGB | 11/23 | USD | 163.16 | 6.7 | 6.5 | 6.9 |
| GAM USDSpecBondInc | US | BD | VGB | 11/30 | USD | 516.29 | 69.8 | 70.4 | 6.0 |
| GAM Worldwide | GL | EQ | VGB | 12/01 | USD | 2264.48 | 26.4 | 38.6 | -10.5 |
| GAMut Investments | OT | OT | VGB | 11/30 | USD | 7628.70 | 5.1 | 6.6 | 8.1 |

**GAM Star Fund Plc**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| GAMStar-AsEqCHF Ord Ac | AS | EQ | IRL | 12/01 | CHF | 10.38 | 46.7 | 42.7 | -20.2 |
| GAMStar-AsEqEUR Ord Ac | AS | EQ | IRL | 12/01 | EUR | 11.02 | 47.4 | 46.2 | -15.6 |
| GAMStar-AsEqGBP Ord Ac | AS | EQ | IRL | 12/01 | GBP | 1.49 | 40.3 | 56.7 | -4.6 |
| GAMStar-AsEqUSD Ord Ac | AS | EQ | IRL | 12/01 | USD | 13.07 | 59.4 | 75.2 | -14.0 |
| GAMStar-AsPacEqEUR Acc | AS | EQ | IRL | 12/01 | EUR | 94.81 | 12.2 | 10.8 | -18.2 |
| GAMStar-AsPacEqEUR Inc | AS | EQ | IRL | 12/01 | EUR | 91.76 | 12.2 | 10.9 | -18.2 |
| GAMStar-ContEurEqEUR Ac | EU | EQ | IRL | 12/01 | EUR | 10.56 | 20.0 | 24.2 | -13.5 |
| GAMStar-EurpEqEUR Acc | EU | EQ | IRL | 12/01 | EUR | 176.62 | 20.6 | 22.5 | -15.8 |
| GAMStar-EurpEqEUR Inc | EU | EQ | IRL | 12/01 | EUR | 161.38 | 20.5 | 22.4 | -15.8 |
| GAMStar-EurpEqUSD Acc | EU | EQ | IRL | 12/01 | USD | 16.24 | 30.2 | 46.4 | -14.2 |
| GAMStar-EurpEqUSD Inc | EU | EQ | IRL | 12/01 | USD | 14.73 | 30.1 | 46.4 | -14.2 |
| GAMStar-FrontierOppUSD Acc | GL | EQ | IRL | 11/30 | USD | 5.68 | 20.8 | 19.1 | NS |
| GAMStar-JpnEq EUR Acc | JP | EQ | IRL | 12/01 | EUR | 82.25 | 1.1 | 0.5 | -17.7 |
| GAMStar-JpnEq EUR Inc | JP | EQ | IRL | 12/01 | EUR | 82.25 | 1.1 | 0.5 | -17.7 |
| GAMStar-JpnEq JPY Acc | JP | EQ | IRL | 12/01 | JPY | 854.87 | 2.0 | 8.5 | -26.8 |
| GAMStar-JpnEq USD Acc | JP | EQ | IRL | 12/01 | USD | 10.65 | 1.2 | 10.4 | -19.7 |
| GAMStar-World EqUSD Acc | GL | EQ | IRL | 12/01 | USD | 2241.71 | 27.4 | 39.8 | -10.0 |

المجموعة المالية - هيرميس
EFG HERMES

**HERMES FINANCIAL MANAGEMENT (EGYPT) LIMITED, AMSALES@EFG-HERMES.COM**
*Tel: 9714 363 4041 *Middle East & Developing Africa Fund*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| EFG-Hermes Egypt | GL | EQ | BMU | 10/30 | USD | 43.54 | 25.9 | 29.9 | NS |
| EFG-Hermes MEDA* | GL | EQ | BMU | 09/30 | USD | 24.16 | 15.3 | -17.3 | -10.4 |
| EFG-Hermes Saudi Arabia Equity | EA | EQ | SAU | 10/27 | SAR | 6.27 | 32.3 | 11.2 | NS |
| EFG-Hermes Telecom | OT | EQ | BMU | 09/30 | USD | 29.73 | 16.0 | -0.1 | -8.2 |

**LLOYD GEORGE MANAGEMENT (HK) LTD**
*Suite 3808, One Exchange Square, HK: Tel. 852 2845 4433 Fax. 852 2845 3911*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| LG Antenna | GL | EQ | BMU | 11/30 | USD | 59.22 | 73.5 | 85.0 | -10.6 |
| LG Asian Plus | AS | EQ | CYM | 11/27 | USD | 53.71 | 42.1 | 56.6 | -18.0 |
| LG AsianSmallerCo's | AS | EQ | BMU | 12/02 | USD | 95.79 | 73.7 | 96.9 | -22.6 |
| LG India | EA | EQ | MUS | 11/30 | USD | 62.69 | 96.5 | 118.4 | -15.2 |

Manulife WEALTH MANAGEMENT 宏利財富管理

**MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110**
*Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong*

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|---|---|---|---|---|---|---|---|---|---|
| American Growth | US | EQ | LUX | 12/02 | USD | 14.80 | 23.3 | 34.5 | -14.2 |
| American Growth AA | US | EQ | LUX | 12/02 | USD | 0.85 | 23.0 | 34.2 | -7.7 |
| Asian Equity | AS | EQ | LUX | 12/02 | USD | 2.42 | 61.8 | 83.1 | -11.0 |
| Asian Equity AA | AS | EQ | LUX | 12/02 | USD | 0.78 | 61.2 | 82.4 | -11.3 |
| Asian Sm Cap Equity AA | AS | EQ | LUX | 12/02 | USD | 1.15 | 90.4 | 118.5 | -6.8 |
| China Value A | AS | EQ | LUX | 12/02 | USD | 7.13 | 65.1 | 82.4 | -8.2 |
| China Value AA | AS | EQ | LUX | 12/02 | USD | 2.24 | 64.7 | 81.9 | -8.4 |
| Dragon Growth | AS | EQ | LUX | 12/02 | USD | 1.66 | 69.0 | 83.3 | -10.0 |
| Dragon Growth AA | OT | OT | LUX | 12/02 | HKD | 8.05 | 68.8 | 83.0 | -11.1 |
| Emg Eastrn Europe A | EU | EQ | LUX | 12/02 | USD | 4.52 | 91.6 | 98.3 | -18.1 |
| Emg Eastrn Europe AA | EU | EQ | LUX | 12/02 | USD | 1.95 | 91.4 | 98.0 | -18.3 |
| European Growth | EU | EQ | LUX | 12/02 | USD | 9.31 | 44.7 | 62.9 | -18.3 |
| European Growth AA | EU | EQ | LUX | 12/02 | USD | 0.66 | 44.4 | 62.5 | -18.0 |
| Global Contrarain AA | GL | EQ | LUX | 12/03 | USD | 0.88 | 82.1 | 111.5 | NS |
| Global Property AA | OT | EQ | LUX | 12/02 | USD | 0.66 | 44.0 | 69.8 | -16.9 |
| Global Resources AA | OT | EQ | LUX | 12/02 | USD | 1.14 | 61.2 | 95.9 | -9.0 |
| Healthcare AA | OT | EQ | LUX | 12/03 | USD | 0.92 | 11.8 | 24.9 | NS |
| India Equity AA | EA | EQ | LUX | 12/02 | USD | 1.08 | 78.1 | 99.5 | -17.3 |
| International Growth | GL | EQ | LUX | 12/02 | USD | 3.05 | 22.5 | 34.4 | -16.2 |
| International Growth AA | GL | EQ | LUX | 12/02 | USD | 0.71 | 22.2 | 34.1 | -16.4 |
| Japanese Growth | JP | EQ | LUX | 12/02 | USD | 2.74 | 6.0 | 22.2 | -16.4 |
| Japanese Growth AA | JP | EQ | LUX | 12/02 | USD | 0.72 | 5.7 | 21.9 | -15.3 |
| Latin America Equity AA | GL | EQ | LUX | 12/02 | USD | 1.30 | 106.8 | 121.8 | -3.8 |
| MGF Asia Value Dividend Equity Fund | OT | OT | Lux | 12/02 | USD | 1.11 | NS | NS | NS |
| Russia Equity AA | EE | EQ | LUX | 12/02 | USD | 0.64 | 133.1 | 141.3 | -21.0 |
| Taiwan Equity AA | AS | EQ | LUX | 12/02 | USD | 1.01 | 74.2 | 91.5 | -2.9 |
| Turkey Equity AA | EE | EQ | LUX | 12/01 | USD | 0.66 | 79.6 | 98.5 | -19.0 |
| U.S. Bond AA | US | BD | LUX | 12/02 | USD | 1.11 | 18.2 | 21.5 | 7.5 |
| U.S. High Yield Bond AA | US | BD | LUX | 12/02 | USD | 0.75 | 67.3 | 75.5 | -4.9 |
| U.S. Sm Cap Equity AA | US | EQ | LUX | 12/02 | USD | 0.77 | 61.8 | 75.6 | -15.9 |
| U.S. Tsy Inf-ProtSec AA | OT | BD | LUX | 12/02 | USD | 1.16 | 9.9 | 15.3 | 3.8 |

**PT CIPTADANA ASSET MANAGEMENT**
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| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Indonesian Grth Fund | EA | EQ | CYM | 12/02 | USD | 123.32 | 113.8 | 166.8 | -3.6 |

Sensible Asset Management
*A Value Partners Group company*

**SENSIBLE ASSET MANAGEMENT LIMITED**
*www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Asia Value Formula Fd-B | AS | EQ | CYM | 12/02 | USD | 7.89 | 83.9 | 109.8 | -7.2 |

SOCIETE GENERALE
Asset Management

**SG ASSET MANAGEMENT HTTP://WWW.SGAM.COM**
*SGAM Fund*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Bonds Eur Hi Yld A | EU | BD | LUX | 12/01 | EUR | 20.16 | 51.7 | 50.2 | -2.5 |
| Bonds EURO A | EU | BD | LUX | 12/02 | EUR | 41.43 | 4.9 | 4.9 | 5.7 |
| Bonds EUROPE A | EU | BD | LUX | 12/02 | EUR | 39.42 | 4.0 | 3.3 | 4.5 |
| Bonds US OppsCoreplus A | US | BD | LUX | 12/01 | USD | 37.22 | 18.0 | 21.2 | 8.8 |
| Bonds World A | GL | BD | LUX | 12/01 | USD | 44.57 | 11.9 | 18.8 | 9.2 |
| Eq. China A | AS | EQ | LUX | 12/02 | USD | 24.57 | 64.4 | 86.1 | -15.9 |
| Eq. ConcentratedEuropeA | EU | EQ | LUX | 12/01 | EUR | 26.10 | 26.7 | 30.7 | -18.9 |
| Eq. Eastern Europe A | EU | EQ | LUX | 12/01 | EUR | 21.78 | 64.8 | 55.4 | -28.2 |
| Eq. Euroland A | EU | EQ | LUX | 12/01 | EUR | 10.48 | 14.3 | 21.3 | -22.0 |
| Eq. EurolandCyclclsA | EU | EQ | LUX | 12/01 | EUR | 17.22 | 25.4 | 35.0 | -17.0 |
| Eq. EurolandFinancialA | OT | EQ | LUX | 12/01 | EUR | 11.40 | 35.3 | 40.2 | -21.6 |
| Eq. Glbl Emg Cty A | GL | EQ | LUX | 12/01 | USD | 9.60 | 60.5 | 79.7 | -15.2 |
| Eq. Global A | GL | EQ | LUX | 12/02 | USD | 27.88 | 32.6 | 46.9 | -14.9 |
| Eq. Global Energy A | OT | EQ | LUX | 12/01 | USD | 18.18 | 27.5 | 37.0 | -12.4 |
| Eq. Global Technol A | OT | OT | LUX | 04/24 | USD | 4.46 | 22.1 | -29.7 | -21.6 |
| Eq. Gold Mines A | OT | EQ | LUX | 12/02 | USD | 34.65 | 62.4 | 123.0 | 6.6 |
| Eq. Pacific A | AS | EQ | LUX | 12/02 | USD | 10.35 | 62.0 | 79.6 | -14.6 |
| Eq. US Lg Cap Gr A | US | EQ | LUX | 12/02 | USD | 15.08 | 39.6 | 52.6 | -13.7 |
| Eq. US Rel Val A | US | EQ | LUX | 12/01 | USD | 20.24 | 30.3 | 46.2 | -16.1 |
| Eq. US Sm Cap Val A | US | EQ | LUX | 12/02 | USD | 15.27 | 16.7 | 36.3 | -22.2 |
| Money Market EURO A | EU | MM | LUX | 12/01 | EUR | 27.39 | 1.0 | 1.3 | 2.8 |
| Money Market USD A | US | MM | LUX | 12/01 | USD | 15.83 | 0.5 | 0.7 | 1.9 |

المستثمر الوطني
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| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| TNI Mena Real Estate Fund | OT | OT | BMU | 11/26 | USD | 1032.51 | 9.8 | 4.5 | -22.2 |
| TNI MENA Special Sits Fund | OT | OT | BMU | 10/29 | USD | 1139.93 | 17.4 | NS | NS |
| TNI UAE Blue Chip Fund | OT | OT | ARE | 11/26 | AED | 6.14 | 33.8 | 12.4 | -24.1 |

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**formerly known as China ABH Shares Fund*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Intel-Chin MainInd Foc | AS | EQ | CYM | 11/30 | USD | 29.32 | 82.8 | 100.8 | 0.0 |
| Intel-China Converg* | AS | EQ | CYM | 11/30 | USD | 112.36 | 84.4 | 103.2 | -1.5 |
| VP Classic - A | AS | EQ | CYM | 12/02 | USD | 186.68 | 83.1 | 107.7 | -1.5 |
| VP CLassic - B | AS | EQ | CYM | 12/02 | USD | 87.04 | 82.3 | 106.6 | -2.0 |
| VP High Dividend Stk | AS | EQ | CYM | 11/30 | USD | 44.49 | 79.0 | 99.2 | -1.2 |

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**YMR-N Series**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| YMR-N Growth Fund | OT | OT | IRL | 12/02 | JPY | 8805.00 | 2.3 | 10.3 | -29.3 |
| YMR-N Small Cap Fund | OT | OT | IRL | 12/02 | JPY | 6793.00 | 5.8 | 16.4 | -28.4 |

**Yuki 77 Series**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki 77 General | JP | EQ | IRL | 12/03 | JPY | 5989.00 | 1.5 | 9.0 | -29.1 |
| Yuki 77 Growth | JP | EQ | IRL | 12/03 | JPY | 5534.00 | -6.5 | -2.9 | -34.6 |

**Yuki Chugoku Series**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Chugoku Jpn Gen | JP | EQ | IRL | 12/03 | JPY | 6583.00 | 5.5 | 11.6 | -26.1 |
| Yuki Chugoku JpnLowP | JP | EQ | IRL | 12/03 | JPY | 7439.00 | -9.2 | -2.4 | -27.1 |

**Yuki Hokuyo Japan Series**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Hokuyo Jpn Gen | JP | EQ | IRL | 12/03 | JPY | 4494.00 | -1.2 | 4.6 | -29.6 |
| Yuki Hokuyo Jpn Inc | JP | EQ | IRL | 12/03 | JPY | 5130.00 | -2.8 | 0.4 | -23.3 |
| Yuki Hokuyo Jpn Sm Cap | JP | EQ | IRL | 12/03 | JPY | 5040.00 | 7.1 | 15.0 | -26.3 |

**Yuki Mizuho Series**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Mizuho Gen Jpn III | OT | OT | IRL | 12/03 | JPY | 4238.00 | -0.3 | 4.8 | -33.2 |
| Yuki Mizuho Jpn Dyn Gro | OT | OT | IRL | 12/03 | JPY | 4487.00 | -0.1 | 3.8 | -33.5 |
| Yuki Mizuho Jpn Exc 100 | OT | OT | IRL | 12/03 | JPY | 6676.00 | 9.4 | 16.2 | -27.8 |
| Yuki Mizuho Jpn Gen | OT | OT | IRL | 12/03 | JPY | 8301.00 | 3.5 | 10.2 | -28.1 |
| Yuki Mizuho Jpn Gro | OT | OT | IRL | 12/03 | JPY | 6222.00 | -0.5 | 5.8 | -30.6 |
| Yuki Mizuho Jpn Inc | OT | OT | IRL | 12/03 | JPY | 7402.00 | -6.9 | -1.7 | -26.3 |
| Yuki Mizuho Jpn Lg Cap | OT | OT | IRL | 12/03 | JPY | 4983.00 | 0.0 | 5.6 | -28.4 |
| Yuki Mizuho Jpn LowP | OT | OT | IRL | 12/03 | JPY | 11247.00 | -0.8 | 6.1 | -24.1 |
| Yuki Mizuho Jpn PGth | OT | OT | IRL | 12/03 | JPY | 7748.00 | 1.4 | 7.7 | -32.5 |
| Yuki Mizuho Jpn SmCp | OT | OT | IRL | 12/03 | JPY | 7045.00 | 14.9 | 21.3 | -28.2 |
| Yuki Mizuho Jpn Val Sel | OT | OT | IRL | 12/03 | JPY | 5520.00 | 6.3 | 14.9 | -24.5 |
| Yuki Mizuho Jpn YoungCo | OT | OT | IRL | 12/03 | JPY | 2701.00 | 13.2 | 17.2 | -33.8 |

**Yuki Shizuoka Japan Series**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Shizuoka General Japan | JP | EQ | IRL | 12/03 | JPY | 5218.00 | 2.3 | 8.9 | -29.1 |

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

# Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

## Giants around the world

In U.S.-dollar terms.

### Dow Jones Country Titans

| | INDEX PERFORMANCE | | |
|---|---|---|---|
| | Previous session | Year-to-date | 52-week |
| Brazil | 0.48% | **112.6%** | 131.6% |
| Russia | -0.65 | **97.3** | 113.0 |
| China 88 | -0.48 | **82.8** | 66.5 |
| Turkey | 3.13 | **79.8** | 95.8 |
| Singapore | 0.47 | **61.2** | 73.5 |
| Hong Kong | 1.09 | **53.3** | 64.6 |
| Sweden | 0.15 | **50.2** | 55.5 |
| South Korea | 1.47 | **47.2** | 63.3 |
| Netherlands | 0.61 | **35.7** | 40.1 |
| Canada | -0.36 | **30.2** | 45.5 |
| Australia | 0.10 | **28.0** | 33.8 |
| Switzerland | 0.96 | **23.6** | 23.1 |
| South Africa | -0.43 | **20.7** | 32.4 |
| U.K. | -0.09 | **19.7** | 27.8 |
| Italy | 0.59 | **19.4** | 22.2 |
| France | 0.21 | **18.9** | 20.0 |
| Spain | 0.32 | **16.5** | 21.1 |
| Germany | unch. | **14.7** | 20.8 |
| Japan | 3.51 | **4.6** | 15.3 |

### Dow Jones Regional Sector Titans

| | | | |
|---|---|---|---|
| Basic Res | -0.61% | **85.7%** | 124.4% |
| Tiger 50* | 1.01 | **58.1** | 76.4 |
| Auto Parts | 2.47 | **52.7** | 65.7 |
| Nordic 30 -p | 1.24 | **37.6** | 34.8 |
| EU Enlarged†-p | 0.74 | **36.3** | 34.5 |
| Asian 50 | 1.36 | **33.4** | 50.7 |
| Global 50 | 0.40 | **22.6** | 29.3 |
| Stoxx 50 -p | 0.30 | **20.1** | 20.3 |
| Euro Stoxx 50 -p | 0.22 | **17.6** | 21.5 |
| Arab 50 | 1.14 | **2.9** | 0.7 |

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

## Dow Jones Asia Titans: Thursday's best and worst...

| Company | Country | Industry | Market value, in billions of US$ | Previous close, in local currency | STOCK PERFORMANCE Previous session | 52-week | Three-year |
|---|---|---|---|---|---|---|---|
| **Japan Tobacco** | Japan | Tobacco | $30.7 | 282,200 | **9.68%** | -16.8% | -46.7% |
| **Nissan Motor** | Japan | Automobiles | 36.2 | 706.00 | **6.81** | 141.8 | -48.8 |
| **Sony** | Japan | Consumer Electronics | 27.9 | 2,475 | **6.00** | 43.6 | -46.3 |
| **Panasonic** | Japan | Consumer Electronics | 28.7 | 1,223 | **5.80** | 18.3 | -46.0 |
| **Shin-Etsu Chml** | Japan | Specialty Chemicals | 23.9 | 4,970 | **5.74** | 44.9 | -34.2 |
| **Commonwealth Bk of Australia** | Australia | Banks | $76.1 | 54.11 | **-1.08%** | 71.2 | 14.9 |
| **Westfield Grp** | Australia | Retail REITs | 25.2 | 11.94 | **-0.91** | -9.1 | -36.8 |
| **Woodside Petroleum** | Australia | Exploration Production | 32.4 | 49.36 | **-0.88** | 58.7 | 28.9 |
| **Woolworths** | Australia | Food Retailers Wholesalers | 31.8 | 27.94 | **-0.53** | 5.4 | 28.8 |
| **National Australia Bk** | Australia | Banks | 54.7 | 28.68 | **-0.42** | 47.4 | -26.7 |

## ...And the rest of Asia's blue chips

| Company/Country (Industry) | Market value, in billions (U.S) | Latest, in local currency | STOCK PERFORMANCE Latest | 52-week | Three-year |
|---|---|---|---|---|---|
| **Mitsui** Japan (Industrial Suppliers) | 25.8 | 1,256 | **5.72%** | 77.4% | -25.0% |
| **Toyota Motor** Japan (Automobiles) | 134.2 | 3,760 | **5.62** | 39.3 | -46.5 |
| **Canon** Japan (Electronic Office Equipment) | 49.4 | 3,530 | **5.37** | 37.6 | -44.3 |
| **JFE Hldgs** Japan (Iron Steel) | 18.9 | 3,160 | **4.98** | 43.3 | -42.6 |
| **Honda Motor** Japan (Automobiles) | 61.8 | 2,985 | **4.19** | 77.2 | -26.5 |
| **Mitsubishi** Japan (Industrial Suppliers) | 39.5 | 2,125 | **3.66** | 109.0 | -5.6 |
| **Nippon Steel** Japan (Iron Steel) | 24.9 | 349.00 | **3.56** | 29.3 | -35.9 |
| **Nippon T&T** Japan (Fixed Line Telecommunications) | 57.7 | 3,850 | **3.22** | -15.4 | -34.1 |
| **Sumitomo Mitsui Finl** Japan (Banks) | 33.3 | 2,910 | **2.83** | -4.9 | -76.0 |
| **East Japan Railway** Japan (Travel Tourism) | 28.2 | 6,220 | **2.64** | -11.9 | -23.1 |
| **Hutchison Whampoa** Hong Kong (Diversified Industrials) | 29.9 | 54.30 | **2.36** | 59.2 | -26.9 |
| **China Life Ins** Hong Kong (Life Insurance) | 38.4 | 39.95 | **2.30** | 95.8 | 111.2 |
| **Mitsubishi UFJ Finl Grp** Japan (Banks) | 65.1 | 497.00 | **2.26** | 8.0 | -66.2 |
| **KDDI** Japan (Mobile Telecommunications) | 24.6 | 491,000 | **2.08** | -20.9 | -37.4 |
| **Cheung Kong (Hldgs)** Hong Kong (Real Estate Holding Development) | 30.3 | 101.30 | **1.91** | 54.7 | 11.9 |
| **Samsung Elec** South Korea (Semiconductors) | 97.0 | 759,000 | **1.61** | 76.3 | 21.3 |
| **BHP Billiton** Australia (General Mining) | 131.9 | 42.47 | **1.31** | 54.4 | 60.9 |
| **CNOOC** Hong Kong (Exploration Production) | 71.1 | 12.34 | **1.31** | 109.9 | 78.3 |
| **Shinhan Financial Grp** South Korea (Banks) | 19.5 | 47,350 | **1.28** | 59.3 | 10.0 |
| **Sun Hung Kai Prop** Hong Kong (Real Estate Holding Development) | 39.2 | 118.50 | **1.20** | 117.0 | 33.5 |

| Company/Country (Industry) | Market value, in billions (U.S) | Latest, in local currency | STOCK PERFORMANCE Latest | 52-week | Three-year |
|---|---|---|---|---|---|
| **Mizuho Financial Grp** Japan (Banks) | 26.8 | 168.00 | **1.20%** | -25.6% | -79.8% |
| **Taiwan Smcndtr Mfg** Taiwan (Semiconductors) | 49.6 | 61.50 | **1.15** | 66.8 | -6.8 |
| **Takeda Pharm** Japan (Pharmaceuticals) | 33.0 | 3,690 | **1.10** | -18.4 | -51.7 |
| **NTT DoCoMo** Japan (Mobile Telecommunications) | 64.9 | 134,300 | **0.90** | -19.6 | -25.4 |
| **China Constr Bk** Hong Kong (Banks) | 208.8 | 7.20 | **0.84** | 67.8 | 72.3 |
| **KB Fncl Group** South Korea (Banks) | 20.3 | 60,800 | **0.83** | 114.1 | -12.1 |
| **Westpac Bking** Australia (Banks) | 65.9 | 24.46 | **0.78** | 44.4 | 2.6 |
| **Seven I Hldgs** Japan (Broadline Retailers) | 20.9 | 2,040 | **0.74** | -27.1 | -45.2 |
| **Tokyo Elec Power** Japan (Conventional Electricity) | 35.6 | 2,325 | **0.65** | -23.0 | -37.5 |
| **Tokio Marine** Japan (Property Casualty Insurance) | 23.6 | 2,650 | **0.57** | 25.6 | -37.7 |
| **Kansai Elec Power** Japan (Conventional Electricity) | 23.5 | 2,170 | **0.46** | -18.9 | -28.9 |
| **Aus NZ Bk** Australia (Banks) | 51.5 | 22.20 | **0.41** | 54.0 | -20.2 |
| **Hon Hai Precision Ind** Taiwan (Electrical Components Equipment) | 36.8 | 138.50 | **0.36** | 174.6 | -6.7 |
| **POSCO** South Korea (Iron Steel) | 38.3 | 582,000 | **0.34** | 78.5 | 101.0 |
| **Indl Comm Bk China** Hong Kong (Banks) | 72.3 | 6.75 | **0.15** | 68.8 | 67.9 |
| **China Mobile (HK)** Hong Kong (Mobile Telecommunications) | 189.7 | 73.95 | **0.14** | 1.0 | 17.5 |
| **PetroChina** Hong Kong (Integrated Oil Gas) | 27.0 | 9.91 | **0.10** | 59.8 | -1.5 |
| **QBE Ins Grp** Australia (Reinsurance) | 20.9 | 22.55 | **...** | -9.2 | -11.1 |
| **RioZim Ltd** Australia (General Mining) | 41.3 | 73.51 | **-0.04** | 186.6 | 20.8 |
| **Nintendo** Japan (Toys) | 29.7 | 20,500 | **-0.34** | -31.9 | -24.9 |

Sources: Dow Jones Indexes; WSJ Market Data Group

# Tracking credit markets & dealmakers

**— NOTICE TO READERS —**
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## Hedge funds

| Dow Jones Hedge Benchmark | TOTAL RETURN for rolling periods, net of fees* One week | One month | One quarter | Year to date | One year |
|---|---|---|---|---|---|
| **Merger Arbitrage** | -0.13% | 0.49% | 1.4% | 7.3% | 7.5% |
| **Event Driven** | 0.02 | 0.77 | 4.1 | 14.3 | 9.0 |
| **Equity Long/Short** | 0.74 | 1.44 | 0.9 | 3.6 | -3.8 |

*Estimates as of 12/01/09, after fees; Source: www.djhedgefundindexes.com

## Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

### Markit iTraxx Indexes

| Index: series/version | Mid-spread, in pct. pts. | Mid-price | Coupon | SPREAD RANGE, in pct. pts. since most recent roll Maximum | Minimum | Average |
|---|---|---|---|---|---|---|
| **Europe:** 12/1 | 0.84 | 100.75% | 0.01% | 1.00 | 0.78 | 0.86 |
| **Eur. High Volatility:** 12/1 | 1.32 | 98.52 | 0.01 | 1.76 | 1.32 | 1.44 |
| **Europe Crossover:** 12/1 | 5.15 | 99.38 | 0.05 | 6.15 | 4.87 | 5.34 |
| **Asia ex-Japan IG:** 12/1 | 1.10 | 99.55 | 0.01 | 1.29 | 0.96 | 1.11 |
| **Japan:** 12/1 | 1.37 | 98.21 | 0.01 | 1.68 | 0.99 | 1.32 |

Note: Data as of December 2

### Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

Source: Markit Group

## Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

### Showing the biggest improvement...

| | Yesterday | CHANGE, in basis points Yesterday | Five-day | 28-day |
|---|---|---|---|---|
| **Mitsubishi Heavy Inds** | 91 | **-15** | 2 | 10 |
| **Taisei** | 387 | **-10** | 27 | 97 |
| **Nec Electrs** | 264 | **-8** | 7 | 4 |
| **Rep Indonesia** | 213 | **-7** | 8 | ... |
| **Toshiba** | 167 | **-7** | -18 | -9 |
| **Hyundai Mtr** | 124 | **-7** | -9 | -19 |
| **Socialist Rep Vietnam** | 246 | **-7** | 33 | 22 |
| **KT** | 76 | **-7** | -3 | -10 |
| **Acom** | 419 | **-6** | -10 | -31 |
| **Shimizu** | 173 | **-6** | 15 | 43 |

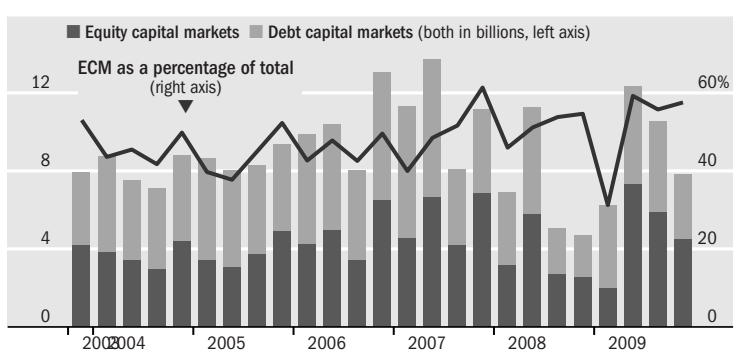
### And the most deterioration

| | Yesterday | CHANGE, in basis points Yesterday | Five-day | 28-day |
|---|---|---|---|---|
| **Aeon** | 165 | **2** | 25 | 50 |
| **Asahi Glass** | 60 | **3** | 15 | 25 |
| **Swire Pac** | 86 | **3** | 6 | ... |
| **Kajima** | 346 | **4** | 47 | 145 |
| **Kawasaki Kisen Kaisha** | 232 | **5** | 12 | 71 |
| **Ebara** | 646 | **6** | 168 | 219 |
| **CITIC Pac** | 205 | **6** | -38 | -45 |
| **Norinchukin Bk** | 90 | **7** | 8 | 25 |
| **Isetan** | 90 | **15** | 21 | 31 |
| **Nishimatsu Constr** | 552 | **21** | 19 | 27 |

Source: Markit Group

## Behind global deals: Bank revenues from equity capital markets

Behind every IPO, follow-on or convertible equity offering is one or more investment banks. At right, investment banks historical and year-to-date revenues from global equity-capital-market (ECM) deals




Source: Dealogic

# GLOBAL MARKETS LINEUP

## Commodities

Prices of futures contracts with the most open interest

**EXCHANGE LEGEND: CBOT:** Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

| Commodity | Exchange | Last price | ONE-DAY CHANGE Net | ONE-DAY CHANGE Percentage | Contract high | Contract low |
|---|---|---|---|---|---|---|
| **Corn** (cents/bu.) | CBOT | **405.50** | -1.00 | **-0.25%** | 712.25 | 315.50 |
| **Soybeans** (cents/bu.) | CBOT | **1038.00** | 4.00 | **0.39%** | 1,315.00 | 794.00 |
| **Wheat** (cents/bu.) | CBOT | **578.00** | 2.00 | **0.35** | 1,029.25 | 459.00 |
| **Live cattle** (cents/lb.) | CME | **84.275** | -0.550 | **-0.65** | 108.600 | 84.150 |
| **Cocoa** ($/ton) | ICE-US | **3,383** | 56 | **1.68** | 3,439 | 1,994 |
| **Coffee** (cents/lb.) | ICE-US | **144.60** | 0.90 | **0.63** | 188.65 | 115.00 |
| **Sugar** (cents/lb.) | ICE-US | **23.41** | 0.37 | **1.61** | 26.25 | 11.91 |
| **Cotton** (cents/lb.) | ICE-US | **74.60** | 1.03 | **1.40** | 84.00 | 49.67 |
| **Crude palm oil** (ringgit/ton) | MDEX | **2,478.00** | -11 | **-0.44** | 2,521 | 2,013 |
| **Cocoa** (pounds/ton) | LIFFE | **2,237** | 33 | **1.50** | 2,250 | 1,475 |
| **Robusta coffee** ($/ton) | LIFFE | **1,336** | unch. | **unch.** | 1,955 | 1,295 |
| **Copper** (cents/lb.) | COMEX | **324.50** | -1.35 | **-0.41** | 365.00 | 135.50 |
| **Gold** ($/troy oz.) | COMEX | **1212.70** | -0.30 | **-0.02** | 1,227.50 | 762.30 |
| **Silver** (cents/troy oz.) | COMEX | **1902.50** | -30.00 | **-1.55** | 2,011.50 | 1,045.00 |
| **Aluminum** ($/ton) | LME | **2,143.00** | 13.00 | **0.61** | 2,143.00 | 1,288.00 |
| **Tin** ($/ton) | LME | **15,150.00** | 50.00 | **0.33** | 15,700.00 | 9,750.00 |
| **Copper** ($/ton) | LME | **7,100.00** | 21.00 | **0.30** | 7,100.00 | 2,815.00 |
| **Lead** ($/ton) | LME | **2,436.00** | -51.00 | **-2.05** | 2,487.00 | 870.00 |
| **Zinc** ($/ton) | LME | **2,406.00** | 1.00 | **0.04** | 2,406.00 | 1,065.00 |
| **Nickel** ($/ton) | LME | **16,195** | -305 | **-1.85** | 21,150 | 9,175 |
| **Crude oil** ($/bbl.) | NYMEX | **76.63** | 0.03 | **0.04** | 139.00 | 47.31 |
| **Heating oil** ($/gal.) | NYMEX | **2.0262** | -0.0102 | **-0.50** | 4.1847 | 1.3640 |
| **RBOB gasoline** ($/gal.) | NYMEX | **1.9960** | 0.0032 | **0.16** | 2.7100 | 1.1525 |
| **Natural gas** ($/mmBtu) | NYMEX | **4.475** | -0.055 | **-1.21** | 12.920 | 4.440 |
| **Brent crude** ($/bbl.) | ICE-EU | **77.93** | 0.05 | **0.06** | 108.19 | 48.19 |
| **Gas oil** ($/ton) | ICE-EU | **630.25** | 0.50 | **0.08** | 790.00 | 443.50 |

Source: Thomson Reuters; WSJ Market Data Group

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## Currencies

London close on Dec. 3

| AMERICAS | Per euro | In euros | Per U.S. dollar | In U.S. dollars |
|---|---|---|---|---|
| **Argentina** peso-a | 5.7502 | 0.1739 | 3.8113 | 0.2624 |
| **Brazil** real | 2.5801 | 0.3876 | 1.7101 | 0.5848 |
| **Canada** dollar | 1.5905 | 0.6287 | 1.0542 | 0.9486 |
| 1-mo. forward | 1.5905 | 0.6287 | 1.0542 | 0.9486 |
| 3-mos. forward | 1.5905 | 0.6287 | 1.0542 | 0.9486 |
| 6-mos. forward | 1.5907 | 0.6286 | 1.0543 | 0.9485 |
| **Chile** peso | 757.85 | 0.001320 | 502.30 | 0.001991 |
| **Colombia** peso | 3004.07 | 0.0003329 | 1991.10 | 0.0005022 |
| **Ecuador** US dollar-f | 1.5088 | 0.6628 | 1 | 1 |
| **Mexico** peso-a | 19.1325 | 0.0523 | 12.6810 | 0.0789 |
| **Peru** sol | 4.3384 | 0.2305 | 2.8755 | 0.3478 |
| **Uruguay** peso-e | 29.949 | 0.0334 | 19.850 | 0.0504 |
| **U.S.** dollar | 1.5088 | 0.6628 | 1 | 1 |
| **Venezuela** bolivar | 3.24 | 0.308667 | 2.15 | 0.465701 |
| **ASIA-PACIFIC** | | | | |
| **Australia** dollar | 1.6284 | 0.6141 | 1.0793 | 0.9266 |
| **China** yuan | 10.3002 | 0.0971 | 6.8270 | 0.1465 |
| **Hong Kong** dollar | 11.6928 | 0.0855 | 7.7500 | 0.1290 |
| **India** rupee | 69.4402 | 0.0144 | 46.0250 | 0.0217 |
| **Indonesia** rupiah | 14209 | 0.0000704 | 9418 | 0.0001062 |
| **Japan** yen | 133.03 | 0.007517 | 88.18 | 0.011341 |
| 1-mo. forward | 133.01 | 0.007518 | 88.16 | 0.011343 |
| 3-mos. forward | 132.96 | 0.007521 | 88.13 | 0.011347 |
| 6-mos. forward | 132.85 | 0.007527 | 88.06 | 0.011357 |
| **Malaysia** ringgit-c | 5.0852 | 0.1966 | 3.3705 | 0.2967 |
| **New Zealand** dollar | 2.0879 | 0.4789 | 1.3839 | 0.7226 |
| **Pakistan** rupee | 125.905 | 0.0079 | 83.450 | 0.0120 |
| **Philippines** peso | 69.704 | 0.0143 | 46.200 | 0.0216 |
| **Singapore** dollar | 2.0834 | 0.4800 | 1.3809 | 0.7242 |
| **South Korea** won | 1742.61 | 0.0005739 | 1155.00 | 0.0008658 |
| **Taiwan** dollar | 48.476 | 0.02063 | 32.130 | 0.03112 |
| **Thailand** baht | 49.977 | 0.02001 | 33.125 | 0.03019 |

| EUROPE | Per euro | In euros | Per U.S. dollar | In U.S. dollars |
|---|---|---|---|---|
| **Euro zone** euro | 1 | 1 | 0.6628 | 1.5088 |
| 1-mo. forward | 1.0001 | 0.9999 | 0.6629 | 1.5086 |
| 3-mos. forward | 1.0003 | 0.9997 | 0.6630 | 1.5082 |
| 6-mos. forward | 1.0009 | 0.9991 | 0.6634 | 1.5074 |
| **Czech Rep.** koruna-b | 25.822 | 0.0387 | 17.115 | 0.0584 |
| **Denmark** krone | 7.4412 | 0.1344 | 4.9321 | 0.2028 |
| **Hungary** forint | 269.97 | 0.003704 | 178.94 | 0.005589 |
| **Norway** krone | 8.4733 | 0.1180 | 5.6161 | 0.1781 |
| **Poland** zloty | 4.0982 | 0.2440 | 2.7163 | 0.3681 |
| **Russia** ruble-d | 43.997 | 0.02273 | 29.161 | 0.03429 |
| **Sweden** krona | 10.3291 | 0.0968 | 6.8461 | 0.1461 |
| **Switzerland** franc | 1.5071 | 0.6635 | 0.9989 | 1.0011 |
| 1-mo. forward | 1.5068 | 0.6637 | 0.9987 | 1.0013 |
| 3-mos. forward | 1.5061 | 0.6640 | 0.9982 | 1.0018 |
| 6-mos. forward | 1.5050 | 0.6645 | 0.9975 | 1.0025 |
| **Turkey** lira | 2.2415 | 0.4461 | 1.4857 | 0.6731 |
| **U.K.** pound | 0.9099 | 1.0990 | 0.6031 | 1.6581 |
| 1-mo. forward | 0.9101 | 1.0988 | 0.6032 | 1.6578 |
| 3-mos. forward | 0.9104 | 1.0984 | 0.6034 | 1.6572 |
| 6-mos. forward | 0.9109 | 1.0978 | 0.6038 | 1.6563 |
| **MIDDLE EAST/AFRICA** | | | | |
| **Bahrain** dinar | 0.5688 | 1.7582 | 0.3770 | 2.6527 |
| **Egypt** pound-a | 8.2300 | 0.1215 | 5.4549 | 0.1833 |
| **Israel** shekel | 5.6887 | 0.1758 | 3.7705 | 0.2652 |
| **Jordan** dinar | 1.0678 | 0.9365 | 0.7078 | 1.4129 |
| **Kuwait** dinar | 0.4298 | 2.3269 | 0.2848 | 3.5107 |
| **Lebanon** pound | 2265.39 | 0.0004414 | 1501.50 | 0.0006660 |
| **Saudi Arabia** riyal | 5.6587 | 0.1767 | 3.7506 | 0.2666 |
| **South Africa** rand | 11.0542 | 0.0905 | 7.3268 | 0.1365 |
| **United Arab** dirham | 5.5416 | 0.1805 | 3.6730 | 0.2723 |
| **SDR** -f | 0.9361 | 1.0683 | 0.6204 | 1.6118 |

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

## Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

| Price-to-earnings ratio* | Region/Country | Index | PREVIOUS SESSION Close | PREVIOUS SESSION Net change | PREVIOUS SESSION Percentage change | PERFORMANCE Yr.-to-date | PERFORMANCE 52-wk. |
|---|---|---|---|---|---|---|---|
| 32 | **ASIA-PACIFIC** | DJ Asia-Pacific | 124.24 | 1.67 | **1.36%** | 32.7% | 50.0% |
| ... | Australia | SPX/ASX 200 | 4774.59 | 12.23 | **0.26** | 28.3 | 35.2 |
| ... | China | CBN 600 | 29317.89 | -30.39 | **-0.10%** | 98.6 | 83.8 |
| 21 | Hong Kong | Hang Seng | 22553.87 | 264.30 | **1.19** | 56.8 | 66.9 |
| 19 | India | Sensex | 17185.68 | 15.77 | **0.09** | 78.1 | 86.2 |
| ... | Indonesia | Jakarta Composite | 2500.037 | 28.473 | **1.15** | 84.4 | 107.4 |
| ... | Japan | Nikkei Stock Average | 9977.67 | 368.73 | **3.84** | 12.6 | 25.9 |
| ... | | Topix | 888.04 | 29.30 | **3.41** | 3.4 | 12.6 |
| ... | Malaysia | Kuala Lumpur Composite | 1272.35 | 1.20 | **0.09** | 45.1 | 50.2 |
| ... | New Zealand | NZSX-50 | 3153.930 | 4.484 | **0.14** | 16.1 | 15.5 |
| 8 | Pakistan | KSE 100 | 9096.23 | 8.53 | **0.09** | 55.1 | -1.0 |
| 16 | Philippines | Manila Composite | 3090.91 | -29.05 | **-0.93** | 65.0 | 63.5 |
| ... | Singapore | Straits Times | 2808.18 | 11.84 | **0.42** | 59.4 | 70.8 |
| 11 | South Korea | Kospi | 1615.00 | 23.37 | **1.47** | 43.6 | 60.5 |
| 21 | Taiwan | Weighted | 7684.67 | 7.05 | **0.09** | 67.4 | 80.6 |
| 10 | Thailand | SET | 706.84 | 13.33 | **1.92** | 57.1 | 79.9 |
| 50 | **EUROPE** | DJ Stoxx 600 | 246.35 | -0.42 | **-0.17** | 25.1 | 24.8 |
| 22 | | DJ Stoxx 50 | 2496.80 | -6.15 | **-0.25** | 20.9 | 20.5 |
| 62 | **Euro Zone** | DJ Euro Stoxx | 268.06 | 0.06 | **0.02%** | 20.3% | 24.0% |
| 20 | | DJ Euro Stoxx 50 | 2875.66 | -2.28 | **-0.08%** | 17.3 | 21.4 |
| 19 | Denmark | OMX Copenhagen | 315.05 | -1.39 | **-0.44** | 39.3 | 32.9 |
| 19 | Finland | OMX Helsinki | 6175.72 | -45.79 | **-0.74** | 14.3 | 14.5 |
| 19 | France | CAC-40 | 3799.11 | 3.19 | **0.08** | 18.1 | 20.2 |
| 22 | Germany | DAX | 5770.35 | -11.33 | **-0.20** | 20.0 | 26.4 |
| 16 | Italy | FTSE MIB | 22615.94 | 43.06 | **0.19** | 16.2 | 19.6 |
| ... | Netherlands | AEX | 317.61 | 1.17 | **0.37** | 29.1 | 31.9 |
| ... | Russia | RTSI | 1411.41 | -4.57 | **-0.32** | 123.4 | 135.3 |
| 11 | Spain | IBEX 35 | 11905.3 | 36.5 | **0.31** | 29.5 | 34.7 |
| 14 | Switzerland | SMI | 6444.08 | 57.54 | **0.90** | 16.4 | 14.1 |
| ... | Turkey | ISE National 100 | 49677.20 | 1779.01 | **3.71** | 84.9 | 101.4 |
| 15 | U.K. | FTSE 100 | 5313.00 | -14.39 | **-0.27** | 19.8 | 27.6 |
| 21 | **AMERICAS** | DJ Americas | 294.38 | 0.02 | **0.01** | 30.2 | 37.8 |
| ... | Brazil | Bovespa | 68547.25 | -67.54 | **-0.10** | 82.5 | 94.1 |
| ... | Argentina | Merval | 2217.54 | -3.07 | **-0.14** | 105.4 | 124.9 |
| 20 | Mexico | IPC | 32133.60 | 21.81 | **0.07** | 43.6 | 59.1 |

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

**Reuters Group PLC** is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

## Dow Jones and Dow Jones Stoxx Indexes

| Dividend yield* | Price-to-earnings ratio* | Dows Jones Index | Last | Net change | PERFORMANCE Daily | PERFORMANCE Year-to-date | PERFORMANCE 52-wk. | PERFORMANCE Three-yr., annualized |
|---|---|---|---|---|---|---|---|---|
| 2.23% | 20 | **DJ Global Index** | 227.94 | 0.76 | **0.76%** | 45.6% | 0.3% | -5.7% |
| 1.89 | 21 | **Global DOW** | 1997.74 | 13.64 | **13.64** | 43.1 | 0.7 | -1.2 |
| 2.44 | | **Asia/Pacific 600** | 116.98 | 1.87 | **1.87** | 37.3 | 1.6 | -6.4 |
| 1.79 | 15 | **Emerging Markets** | 279.38 | 2.09 | **2.09** | 106.5 | 0.8 | 4.6 |
| 2.20 | 32 | **Asia/Pacific** | 124.24 | 1.67 | **1.67** | 50.0 | 1.4 | -4.6 |
| 2.43 | 13 | **Asia/Pacific ex-Japan** | 314.03 | 2.18 | **2.18** | 94.9 | 0.7 | 1.6 |
| 2.64 | 22 | **Southeast Asia** | 154.76 | 0.73 | **0.73** | 91.3 | 0.5 | 2.1 |
| 0.82 | 32 | **CBN China 600** -c | 29317.89 | -30.38 | **-30.38** | 83.8 | -0.1 | 29.2 |
| 0.85 | 34 | **Shanghai** | 390.94 | -0.06 | **-0.06** | 83.8 | -0.0 | 29.2 |
| 0.57 | 49 | **Shenzhen** | 424.76 | 0.73 | **0.73** | 108.9 | 0.2 | 35.6 |
| 2.12 | 20 | **China Offshore 50** | 4250.93 | 34.75 | **34.75** | 74.3 | 0.8 | 13.6 |
| 8.83 | 9 | **Australia LPT** -c, d | 1094.34 | -11.70 | **-11.70** | 1.1 | -1.1 | -21.2 |

| Dividend yield* | Price-to-earnings ratio* | Dows Jones Index | Last | Net change | PERFORMANCE Daily | PERFORMANCE Year-to-date | PERFORMANCE 52-wk. | PERFORMANCE Three-yr., annualized |
|---|---|---|---|---|---|---|---|---|
| 2.18% | 15 | **Islamic Market** | 1966.40 | 0.09 | **0.09%** | 46.4% | 0.0% | -1.5% |
| 2.48 | 16 | **Islamic Market 100** | 2123.64 | -1.51 | **-1.51** | 31.3 | -0.1 | -2.2 |
| 9.83 | 19 | **Bahrain** | 119.93 | 0.25 | **0.25** | -26.1 | 0.2 | -13.5 |
| 3.00 | 30 | **Kuwait** | 187.69 | -2.96 | **-2.96** | -29.6 | -1.6 | -16.2 |
| 2.66 | 19 | **Sustainability** | 1026.55 | 2.08 | **2.08** | 45.5 | 0.2 | -6.0 |
| 2.72 | 50 | **Stoxx 600 -p** | 277.84 | 1.00 | **1.00** | 47.8 | 0.4 | -7.2 |
| 4.74 | 17 | **Stoxx Select Div 30 -p** | 1839.10 | 8.12 | **8.12** | 46.2 | 0.4 | -19.4 |
| 3.98 | 23 | **Euro Stoxx Sel Div 30 -p** | 2193.39 | 9.36 | **9.36** | 49.6 | 0.4 | -14.6 |
| 1.78 | 29 | **DJ U.S. TSM** | 11367.35 | 12.29 | **12.29** | 35.0 | 0.1 | -6.9 |
| 4.04 | 15 | **U.S. Select Dividend -d** | 642.00 | 0.26 | **0.26** | 15.6 | 0.0 | -9.8 |
| 4.68 | | **U.S. REIT** | 142.86 | 1.67 | **1.67** | 44.7 | 1.2 | -19.2 |
| | | **DJ-UBS Commodity -p** | 136.64 | -0.93 | **-0.93** | 19.1 | -0.7 | -7.8 |

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

## Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

| | US$ | A$ | £ | C$ | YUAN | EURO | HK$ | RUPEE | RUPIAH | YEN | NZ$ | WON | RINGGIT | PH. PESO | S$ | S FRANC | TW$ | BAHT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **U.S.** | | 1.079 | 0.603 | 1.054 | 6.827 | 0.663 | 7.750 | 46.025 | 9417.97 | 88.175 | 1.384 | 1155.00 | 3.370 | 46.200 | 1.381 | 0.999 | 32.130 | 33.125 |
| **Australia** | 0.927 | | 0.559 | 0.977 | 6.326 | 0.614 | 7.181 | 42.644 | 8726.22 | 81.699 | 1.282 | 1070.17 | 3.123 | 42.807 | 1.279 | 0.926 | 29.770 | 30.692 |
| **Britain** | 1.658 | 1.790 | | 1.748 | 11.320 | 1.099 | 12.851 | 76.316 | 15616.41 | 146.207 | 2.295 | 1915.17 | 5.589 | 76.607 | 2.290 | 1.656 | 53.276 | 54.926 |
| **Canada** | 0.949 | 1.024 | 0.572 | | 6.476 | 0.629 | 7.352 | 43.659 | 8933.76 | 83.642 | 1.313 | 1095.62 | 3.197 | 43.825 | 1.310 | 0.948 | 30.478 | 31.422 |
| **China** | 0.1465 | 0.158 | 0.088 | 0.154 | | 0.097 | 1.135 | 6.742 | 1379.53 | 12.916 | 0.203 | 169.18 | 0.494 | 6.767 | 0.202 | 0.146 | 4.706 | 4.852 |
| **Euro** | 1.509 | 1.628 | 0.910 | 1.591 | 10.300 | | 11.693 | 69.440 | 14209.36 | 133.034 | 2.088 | 1742.61 | 5.085 | 69.704 | 2.083 | 1.507 | 48.476 | 49.977 |
| **Hong Kong** | 0.129 | 0.139 | 0.078 | 0.136 | 0.881 | 0.086 | | 5.939 | 1215.22 | 11.377 | 0.179 | 149.03 | 0.435 | 5.961 | 0.178 | 0.129 | 4.146 | 4.274 |
| **India** | 0.0217 | 0.0234 | 0.0131 | 0.0229 | 0.1483 | 0.0144 | 0.1684 | | 204.63 | 1.9158 | 0.0301 | 25.10 | 0.0732 | 1.0038 | 0.0300 | 0.0217 | 0.6981 | 0.7197 |
| **Indonesia** | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0007 | 0.0001 | 0.0008 | 0.0049 | | 0.0094 | 0.0001 | 0.12 | 0.0004 | 0.0049 | 0.0001 | 0.0001 | 0.0034 | 0.0035 |
| **Japan** | 0.011 | 0.012 | 0.007 | 0.012 | 0.077 | 0.008 | 0.088 | 0.522 | 106.81 | | 0.016 | 13.10 | 0.038 | 0.524 | 0.016 | 0.011 | 0.364 | 0.376 |
| **New Zealand** | 0.723 | 0.780 | 0.436 | 0.762 | 4.933 | 0.479 | 5.600 | 33.258 | 6805.42 | 63.715 | | 834.60 | 2.436 | 33.384 | 0.998 | 0.722 | 23.217 | 23.936 |
| **South Korea** | 0.0009 | 0.0009 | 0.0005 | 0.0009 | 0.0059 | 0.0006 | 0.0067 | 0.0398 | 8.15 | 0.0763 | 0.0012 | | 0.0029 | 0.0400 | 0.0012 | 0.0009 | 0.0278 | 0.0287 |
| **Malaysia** | 0.297 | 0.320 | 0.179 | 0.313 | 2.026 | 0.197 | 2.299 | 13.655 | 2794.24 | 26.161 | 0.411 | 342.68 | | 13.707 | 0.410 | 0.296 | 9.533 | 9.828 |
| **Philippines** | 0.022 | 0.023 | 0.013 | 0.023 | 0.148 | 0.014 | 0.168 | 0.996 | 203.85 | 1.909 | 0.030 | 25.00 | 0.073 | | 0.030 | 0.022 | 0.695 | 0.717 |
| **Singapore** | 0.724 | 0.782 | 0.437 | 0.763 | 4.944 | 0.480 | 5.612 | 33.330 | 6820.17 | 63.853 | 1.002 | 836.41 | 2.441 | 33.456 | | 0.723 | 23.267 | 23.988 |
| **Switzerland** | 1.001 | 1.080 | 0.604 | 1.055 | 6.834 | 0.664 | 7.759 | 46.076 | 9428.34 | 88.272 | 1.385 | 1156.27 | 3.374 | 46.251 | 1.382 | | 32.165 | 33.161 |
| **Taiwan** | 0.031 | 0.034 | 0.019 | 0.033 | 0.212 | 0.021 | 0.241 | 1.432 | 293.12 | 2.744 | 0.043 | 35.95 | 0.105 | 1.438 | 0.043 | 0.031 | | 1.031 |
| **Thailand** | 0.030 | 0.033 | 0.018 | 0.032 | 0.206 | 0.020 | 0.234 | 1.389 | 284.32 | 2.662 | 0.042 | 34.87 | 0.102 | 1.395 | 0.042 | 0.030 | 0.970 | |

Source: Thomson Reuters via WSJ Market Data Group

## MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of December. 03, 2009

| Dividend yield | Price-to-earnings ratio | Morgan Stanley Index | Last | LOCAL-CURRENCY PERFORMANCE Daily | YTD | 52-wk. |
|---|---|---|---|---|---|---|
| 2.50% | 25 | **ALL COUNTRY (AC) WORLD*** | 300.33 | 0.25% | **31.9%** | 36.5% |
| 2.50 | 26 | **World (Developed Markets)** | 1,173.86 | 0.16 | **27.6** | 31.5 |
| 1.90 | 124 | **World Small Cap** | 187.30 | 0.67 | **39.5** | 47.7 |
| 2.60 | 22 | **Kokusai (World ex-Japan)** | 1,165.31 | 0.24 | **30.6** | 33.8 |
| 3.10 | 26 | **EAFE** | 1,604.86 | 0.26 | **29.7** | 37.4 |
| 2.20 | 20 | **Emerging Markets (EM)** | 981.57 | 0.85 | **73.1** | 86.3 |
| 2.60 | 25 | **AC ASIA PACIFIC EX-JAPAN** | 412.56 | 1.07 | **66.8** | 81.4 |
| 2.10 | 25 | **AC Far East ex-Japan** | 441.88 | 1.05 | **62.0** | 78.3 |
| 1.80 | -35 | **Japan** | 534.18 | 0.15 | **0.8** | 3.6 |
| 1.90 | 20 | **China** | 66.21 | 1.12 | **62.3** | 79.3 |
| 0.90 | 39 | **China A (China Domestic)** | 3,425.99 | 1.11 | **97.5** | 97.1 |
| 2.60 | 23 | **Hong Kong** | 10,174.52 | 0.56 | **55.2** | 61.0 |
| 1.00 | 21 | **India** | 696.64 | 0.07 | **88.7** | 101.2 |
| 1.10 | 24 | **Korea** | 455.44 | 1.61 | **48.4** | 52.4 |
| 2.40 | 21 | **Malaysia** | 469.62 | 0.37 | **46.2** | 48.0 |
| 3.10 | 17 | **Singapore** | 1,567.66 | 1.01 | **57.3** | 59.4 |
| 2.70 | 315 | **Taiwan** | 277.77 | 0.26 | **60.2** | 65.8 |
| 3.10 | 20 | **Thailand** | 282.62 | -2.58 | **52.7** | 70.3 |
| 4.00 | 25 | **Australia** | 979.75 | 0.84 | **28.0** | 26.9 |
| 5.30 | 16 | **New Zealand** | 85.69 | -0.26 | **12.9** | 10.5 |
| 1.90 | 32 | **US BROAD MARKET** | 1,222.19 | 0.18 | **24.4** | 26.4 |
| 3.40 | 17 | **EUROPE** | 85.80 | 0.45 | **23.6** | 18.7 |

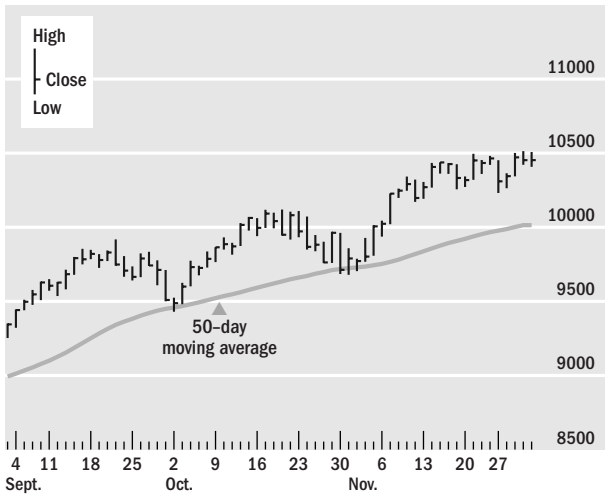
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

# SCANNING THE GLOBE

## Dow Jones Industrial Average P/E: 18

LAST: **10452.99** ▲ 0.31, or 0.003%
YEAR TO DATE: ▲ **1,676.60, or 19.1%**
OVER 52 WEEKS ▲ **2,076.75, or 24.8%**




## Nasdaq Composite Index P/E: 44*

LAST: **2192.89** ▲ 7.86, or 0.36%
YEAR TO DATE: ▲ **615.86, or 39.1%**
OVER 52 WEEKS ▲ **747.33, or 51.7%**

## S&P 500 Index P/E: 73

LAST: **1110.07** ▲ 0.83, or 0.07%
YEAR TO DATE: ▲ **206.82, or 22.9%**
OVER 52 WEEKS ▲ **264.85, or 31.3%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

## DJIA component stocks

| Stock | Symbol | Volume, in millions | Latest | CHANGE Points | CHANGE Percentage |
|---|---|---|---|---|---|
| **AT&T** | T | **10.30** | $27.57 | 0.22 | **0.80%** |
| **Alcoa** | AA | **14.40** | 13.45 | -0.19 | **-1.39** |
| **AmExpress** | AXP | **7.80** | 39.74 | -1.30 | **-3.17** |
| **BankAm** | BAC | **344.40** | 16.09 | 0.44 | **2.81** |
| **Boeing** | BA | **1.30** | 53.85 | 0.07 | **0.13** |
| **Caterpillar** | CAT | **3.30** | 59.42 | 0.48 | **0.81** |
| **Chevron** | CVX | **3.10** | 78.47 | -0.26 | **-0.33** |
| **CiscoSys** | CSCO | **19.80** | 23.93 | 0.05 | **0.23** |
| **CocaCola** | KO | **3.70** | 57.67 | -0.29 | **-0.50** |
| **Disney** | DIS | **4.50** | 30.59 | -0.20 | **-0.65** |
| **DuPont** | DD | **1.70** | 35.46 | 0.08 | **0.23** |
| **ExxonMobil** | XOM | **7.60** | 75.43 | -0.36 | **-0.47** |
| **GenElec** | GE | **30.40** | 16.21 | 0.14 | **0.87** |
| **HewlettPk** | HPQ | **6.40** | 49.11 | 0.13 | **0.27** |
| **HomeDpt** | HD | **7.90** | 27.99 | -0.34 | **-1.22** |
| **Intel** | INTC | **20.80** | 19.88 | 0.16 | **0.81** |
| **IBM** | IBM | **2.30** | 128.23 | 1.02 | **0.80** |
| **JPMorgChas** | JPM | **29.00** | 42.18 | 0.25 | **0.60** |
| **JohnsJohns** | JNJ | **3.70** | 64.29 | 0.41 | **0.64** |
| **KftFoods** | KFT | **2.30** | 26.60 | -0.01 | **-0.04** |
| **McDonalds** | MCD | **4.20** | 62.24 | -0.26 | **-0.42** |
| **Merck** | MRK | **3.90** | 36.75 | -0.05 | **-0.14** |
| **Microsoft** | MSFT | **21.80** | 29.98 | 0.20 | **0.67** |
| **Pfizer** | PFE | **18.20** | 18.69 | -0.05 | **-0.27** |
| **ProctGamb** | PG | **3.50** | 63.16 | -0.03 | **-0.05** |
| **3M** | MMM | **1.20** | 77.73 | -0.68 | **-0.87** |
| **TravelersCos** | TRV | **2.20** | 51.96 | -0.69 | **-1.31** |
| **UnitedTech** | UTX | **1.10** | 67.80 | -0.35 | **-0.51** |
| **Verizon** | VZ | **6.20** | 32.76 | 0.11 | **0.33** |
| **WalMart** | WMT | **4.90** | 54.45 | -0.12 | **-0.22** |

## U.S. stocks: most active...

| Stock | Symbol | Volume, in millions | Latest | CHANGE Points | CHANGE Percentage |
|---|---|---|---|---|---|
| **BankAm** | BAC | **369.9** | $16.09 | $0.44 | **2.81%** |
| **Citigroup** | C | **204.1** | 4.10 | -0.01 | **-0.12** |
| **SPDR S&P 500** | SPY | **89.1** | 111.33 | 0.08 | **0.07** |
| **SPDR FnclSelSct** | XLF | **71.4** | 14.65 | -0.01 | **-0.07** |
| **Comcast A** | CMCSA | **53.2** | 15.93 | 0.99 | **6.63** |
| **DrxFinancBear 3x** | FAZ | **46.8** | 19.43 | -0.02 | **-0.10** |
| **E Trade** | ETFC | **41.4** | 1.71 | -0.04 | **-2.29** |
| **PwrShrs QQQ** | QQQQ | **39.7** | 44.24 | 0.17 | **0.39** |
| **FordMotor** | F | **34.0** | 8.98 | -0.03 | **-0.36** |
| **iShrMSCIEmrgMkt** | EEM | **32.9** | 41.96 | 0.11 | **0.26** |
| **WellsFargo** | WFC | **31.9** | 27.45 | 0.00 | **0.00** |
| **GenElec** | GE | **30.8** | 16.22 | 0.15 | **0.93** |
| **iShrMSCI Jpn** | EWJ | **29.9** | 10.01 | 0.16 | **1.62** |
| **JPMorgChas** | JPM | **29.1** | 42.18 | 0.25 | **0.60** |
| **iShrRu2000** | IWM | **26.9** | 59.90 | 0.21 | **0.34** |

## Biggest gainers...

| | | | | | |
|---|---|---|---|---|---|
| **ICO Inc** | ICOC | **3,614.7** | $6.56 | $2.06 | **45.78%** |
| **CompuCredit** | CCRT | **613.5** | 3.39 | 0.76 | **28.71** |
| **KeyTronic** | KTCC | **177.8** | 3.31 | 0.65 | **24.44** |
| **FstPfdCapTr IV** | FBSA | **17.4** | 5.96 | 0.95 | **18.96** |
| **MGIC Inv** | MTG | **5,950.9** | 4.93 | 0.68 | **16.00** |

## ...Biggest losers

| | | | | | |
|---|---|---|---|---|---|
| **UltimEscape** | UEI | **65.4** | $3.80 | -$0.90 | **-19.15%** |
| **Alloy** | ALOY | **105.7** | 6.78 | -1.15 | **-14.50** |
| **ResCare** | RSCR | **167.3** | 11.00 | -1.83 | **-14.26** |
| **Targacept** | TRGT | **1,135.0** | 20.36 | -3.15 | **-13.40** |
| **Aeropostale** | ARO | **9,405.7** | 28.94 | -3.76 | **-11.49** |

## ADRs of Asian companies*

| 52-WEEK High | 52-WEEK Low | Stock | Symbol | Volume, in OOOs | Latest | CHANGE Points | CHANGE Percentage |
|---|---|---|---|---|---|---|---|
| $11.39 | $5.72 | **Taiwan Semi** | TSM | **8,872.4** | $10.72 | -0.14 | **-1.34%** |
| 4.63 | 1.36 | **Adv Semi Engrg** | ASX | **2,509.2** | 4.13 | -0.06 | **-1.43** |
| 78.75 | 32.33 | **BHP Billiton** | BHP | **2,146.8** | 77.58 | -0.32 | **-0.41** |
| 11.73 | 5.31 | **AU Optrncs** | AUO | **2,048.6** | 10.75 | -0.19 | **-1.74** |
| 8.19 | 3.14 | **Siliconware Prec Ind** | SPIL | **2,045.0** | 7.10 | -0.03 | **-0.42** |
| 3.87 | 1.62 | **Utd Microelectronics** | UMC | **1,308.7** | 3.52 | -0.05 | **-1.40** |
| 52.99 | 21.87 | **Infosys Tech** | INFY | **827.8** | 52.27 | 0.23 | **0.44** |
| 15.95 | 8.56 | **China Unicom** | CHU | **700.3** | 13.36 | -0.23 | **-1.69** |
| 32.79 | 9.91 | **Aluminum Cp of China** | ACH | **576.3** | 29.22 | 0.73 | **2.56** |
| 59.22 | 40.20 | **China Mobile** | CHL | **528.6** | 47.59 | -0.09 | **-0.18** |
| 30.82 | 15.64 | **Sony** | SNE | **466.5** | 28.20 | 1.20 | **4.44** |
| 6.84 | 3.71 | **Mitsu UFJ Fnl** | MTU | **463.3** | 5.56 | 0.00 | **0** |
| 87.67 | 55.41 | **Toyota Motor** | TM | **361.2** | 84.99 | 3.01 | **3.67** |
| 18.80 | 12.59 | **SK Telecom** | SKM | **357.9** | 16.85 | 0.06 | **0.36** |
| 34.03 | 17.35 | **Honda Motor** | HMC | **325.4** | 33.76 | 0.70 | **2.11** |
| 15.29 | 6.85 | **Korea Elec Pwr** | KEP | **249.9** | 14.19 | 0.12 | **0.85** |
| 79.00 | 37.20 | **China Life Ins** | LFC | **222.0** | 77.11 | 0.87 | **1.14** |
| 41.25 | 21.23 | **Canon** | CAJ | **204.3** | 39.76 | 1.13 | **2.93** |
| 9.50 | 3.96 | **Nomura Hldgs** | NMR | **201.7** | 7.57 | 0.11 | **1.41** |
| 17.66 | 10.46 | **KT Corp** | KTC | **195.3** | 16.83 | 0.08 | **0.48** |
| 150.50 | 47.09 | **POSCO** | PKX | **192.2** | 125.64 | -0.72 | **-0.57** |
| 27.96 | 17.71 | **NTT** | NTT | **153.6** | 21.72 | 0.31 | **1.45** |
| 135.92 | 63.94 | **PetroChina** | PTR | **152.0** | 128.13 | 0.34 | **0.27** |
| 21.35 | 5.11 | **Yanzhou Coal Mining** | YZC | **144.2** | 21.22 | 0.41 | **1.99** |
| 16.60 | 10.60 | **Matsushita Elec** | PC | **143.2** | 13.91 | 0.57 | **4.27** |
| 19.56 | 15.05 | **ChunghwaTel** | CHT | **127.3** | 17.95 | 0.00 | **0** |
| 20.35 | 13.11 | **NTT DoCoMo** | DCM | **124.1** | 15.18 | -0.11 | **-0.73** |
| 7.10 | 2.00 | **Alumina** | AWC | **122.3** | 5.89 | -0.03 | **-0.51** |
| 167.15 | 71.74 | **CNOOC** | CEO | **113.2** | 158.89 | 1.22 | **0.77** |
| 34.43 | 22.65 | **Huaneng Power Intl** | HNP | **75.4** | 25.08 | -0.06 | **-0.24** |

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

## Global government bonds

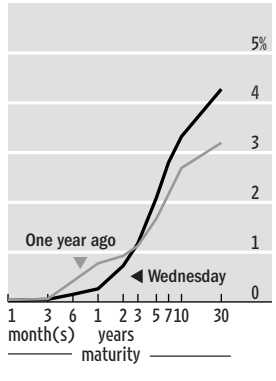
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

| Coupon | Country/ Maturity, in years | Yield | SPREAD OVER TREASURYS, in basis points Latest | Previous | Month ago | Year ago | YIELD Previous | Month ago | Year ago |
|---|---|---|---|---|---|---|---|---|---|
| 5.750% | **Australia** 2 | **4.350%** | **361.6** | 360.0 | 376.8 | **220.0** | **4.295%** | 4.692% | **3.094%** |
| 4.500 | 10 | **5.420** | **204.5** | 207.5 | 217.6 | **168.5** | **5.387** | 5.595 | **4.342** |
| 5.250 | **Austria** 2 | **0.909** | **17.5** | 18.7 | 6.1 | **136.4** | **0.882** | 0.985 | **2.258** |
| 4.350 | 10 | **3.505** | **13.0** | 20.4 | 15.4 | **108.3** | **3.516** | 3.573 | **3.740** |
| 3.500 | **Belgium** 2 | **1.064** | **33.0** | 36.3 | 21.3 | **161.0** | **1.058** | 1.137 | **2.504** |
| 4.000 | 10 | **3.587** | **21.2** | 26.6 | 21.9 | **116.1** | **3.578** | 3.638 | **3.818** |
| 1.250 | **Canada** 2 | **1.143** | **40.9** | 40.7 | 48.8 | **70.7** | **1.102** | 1.412 | **1.601** |
| 3.750 | 10 | **3.280** | **-9.5** | -3.4 | 2.1 | **49.7** | **3.278** | 3.440 | **3.154** |
| 4.000 | **Denmark** 2 | **2.054** | **132.0** | 132.3 | 146.2 | **236.8** | **2.018** | 2.386 | **3.262** |
| 4.000 | 10 | **3.566** | **19.1** | 22.6 | 22.4 | **89.8** | **3.538** | 3.643 | **3.555** |
| 1.500 | **France** 2 | **1.237** | **50.3** | 50.1 | 44.3 | **155.1** | **1.196** | 1.367 | **2.445** |
| 3.750 | 10 | **3.447** | **7.2** | 12.3 | 13.0 | **83.6** | **3.435** | 3.549 | **3.493** |
| 1.250 | **Germany** 2 | **1.300** | **56.6** | 56.5 | 37.5 | **122.0** | **1.260** | 1.299 | **2.114** |
| 3.250 | 10 | **3.176** | **-19.9** | -14.1 | -18.4 | **38.4** | **3.171** | 3.235 | **3.041** |
| 0.550 | **Hong Kong** 2 | **0.459** | **-27.5** | -24.6 | -40.4 | **18.0** | **0.449** | 0.520 | **1.074** |
| 2.640 | 10 | **2.367** | **-100.8** | -97.6 | -111.1 | **-84.8** | **2.336** | 2.308 | **1.809** |
| 3.750 | **Italy** 2 | **1.556** | **82.2** | 83.1 | 62.4 | **226.9** | **1.526** | 1.548 | **3.163** |
| 4.250 | 10 | **3.981** | **60.6** | 66.6 | 51.3 | **163.6** | **3.978** | 3.932 | **4.293** |
| 0.300 | **Japan** 2 | **0.181** | **-55.3** | -50.8 | -66.4 | **-33.9** | **0.187** | 0.260 | **0.555** |
| 1.300 | 10 | **1.285** | **-209.0** | -206.1 | -203.4 | **-133.2** | **1.251** | 1.385 | **1.325** |
| 4.000 | **Netherlands** 2 | **0.855** | **12.1** | 17.3 | 4.5 | **135.2** | **0.868** | 0.969 | **2.246** |
| 4.000 | 10 | **3.419** | **4.4** | 11.1 | 10.1 | **87.7** | **3.423** | 3.520 | **3.534** |
| 3.200 | **Portugal** 2 | **1.224** | **49.0** | 50.8 | 31.4 | **196.5** | **1.203** | 1.238 | **2.859** |
| 4.750 | 10 | **3.728** | **35.3** | 41.9 | 35.8 | **119.0** | **3.731** | 3.777 | **3.847** |
| 5.350 | **Spain** 2 | **1.370** | **63.6** | 65.3 | 52.2 | **182.6** | **1.348** | 1.446 | **2.720** |
| 4.300 | 10 | **3.750** | **37.5** | 44.7 | 37.6 | **113.3** | **3.759** | 3.795 | **3.790** |
| 4.000 | **Switzerland** 2 | **0.426** | **-30.8** | -29.4 | -37.5 | **24.8** | **0.401** | 0.549 | **1.142** |
| 3.000 | 10 | **1.895** | **-148.0** | -143.3 | -137.6 | **-60.5** | **1.879** | 2.043 | **2.052** |
| 3.250 | **U.K.** 2 | **1.140** | **40.6** | 44.8 | -3.2 | **80.1** | **1.143** | 0.892 | **1.695** |
| 4.500 | 10 | **3.627** | **25.2** | 28.8 | 24.7 | **77.7** | **3.600** | 3.666 | **3.434** |
| 0.750 | **U.S.** 2 | **0.734** | **...** | ... | ... | **...** | **0.695** | 0.924 | **0.894** |
| 3.375 | 10 | **3.375** | **...** | ... | ... | **...** | **3.312** | 3.419 | **2.657** |

Source: Thomson Reuters

## U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.




| Ryan Index | Yield to maturity | Modified duration | TOTAL RETURN Month to-date | Quarter to-date | Year to-date | 12-month |
|---|---|---|---|---|---|---|
| **30-year Treasury** | **4.274%** | 16.69 | -1.28% | -2.82% | -21.27% | -13.67% |
| **10-year Treasury** | **3.323** | 8.39 | -0.98 | 0.53 | -5.67 | -1.96 |
| **7 Year Treasury** | **2.804** | 6.32 | -0.69 | 1.62 | ... | ... |
| **Five-year Treasury** | **2.092** | 4.72 | -0.38 | 1.86 | 1.83 | 2.97 |
| **Ryan Index** | **2.399** | 6.83 | -0.60 | 0.56 | -3.86 | -0.82 |
| **3 Year Treasury** | **1.175** | 2.89 | -0.18 | 1.30 | 2.38 | 3.13 |
| **Two-year Treasury** | **0.726** | 1.98 | -0.11 | 0.83 | 1.96 | 2.48 |
| **1 Year Treasury** | **0.264** | 0.96 | -0.01 | 0.29 | 1.05 | 1.55 |
| **Six-month Treasury** | **0.152** | 0.50 | 0.01 | 0.07 | 0.64 | 0.86 |
| **Ryan Cash Index-a** | **0.124** | 0.45 | ... | 0.11 | 0.55 | 0.73 |
| **Three-month bill** | **0.051** | 0.25 | 0.01 | 0.05 | 0.36 | 0.36 |
| **One-month bill** | **0.030** | 0.08 | 0.01 | 0.02 | 0.14 | 0.15 |

a-Performance of a cash investment

Source: Ryan ALM

## Key money rates

| | Latest | 52 wks ago |
|---|---|---|
| **Prime rates** | | |
| U.S. | **3.25%** | 4.00% |
| Canada | **2.25** | 4.00 |
| Japan | **1.475** | 1.675 |
| Britain | **0.50** | 2.00 |
| ECB | **1.00** | 3.25 |
| Switzerland | **0.52** | 2.07 |
| Australia | **3.75** | 4.25 |
| Hong Kong | **5.25** | n.a. |
| **Libor** | | |
| One month | **0.23469%** | 1.87625% |
| Three month | **0.25531** | 2.19250 |
| Six month | **0.48500** | 2.52000 |
| One year | **1.02938** | 2.64875 |

| | Latest | 52 wks ago |
|---|---|---|
| **Euro Libor** | | |
| One month | **0.45250%** | 3.32625% |
| Three month | **0.68000** | 3.67500 |
| Six month | **0.98250** | 3.71625 |
| One year | **1.22750** | 3.78500 |
| **Hibor** | | |
| One month | **0.05000** | 1.26929% |
| Three month | **0.10821** | 1.87071 |
| Six month | **0.24929** | 2.26857 |
| One year | **0.53857** | 2.46500 |
| **Asian dollars** | | |
| One month | **0.2445%** | 1.89% |
| Three month | **0.2658** | 2.1920 |
| Six month | **0.4913** | 2.5420 |
| One year | **1.0300** | 2.6740 |

| | Offer | Bid |
|---|---|---|
| **Eurodollars** | | |
| One month | **0.3000%** | 0.2000% |
| Three month | **0.3500** | 0.2500 |
| Six month | **0.5500** | 0.4500 |
| One year | **0.6000** | 0.5000 |

| | Latest | 52 wks ago |
|---|---|---|
| **U.S. discount** | **0.50%** | 1.25% |
| **Fed-funds target** | **0.25** | 1.00 |
| **Call money** | **2.00** | 2.75 |
| **Overnight repurchase rates** | | |
| U.S. | **0.21%** | 0.15% |
| U.K. (BBA) | **0.475** | 1.767 |
| Euro zone | **0.35** | 2.84 |

Sources: WSJ Market Data Group; Reuters

# MARKETS LINEUP

## Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Thursday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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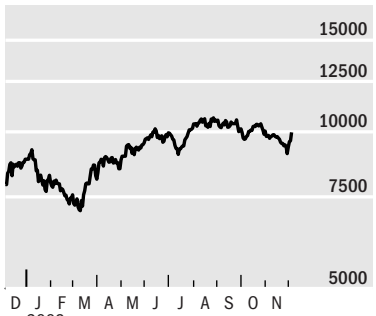
## Asian index movers...

### Nikkei Stock Average
Japan 9977.67
▲ **3.84% or 368.73**

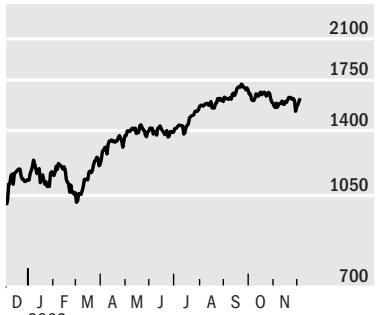
This was the index's biggest one-day gain in seven months. Exporters jumped on a weaker yen, while metal shares climbed after gold hit a new record.




| Stock | Volume in millions | Close | Change Net | Change % |
|---|---|---|---|---|
| Mizuho Financial | **156.53** | 168 | 2 | 1.20 |
| M'bishi Motors | **111.32** | 135 | 16 | 13.45 |
| Hitachi | **73.97** | 236 | 2 | 0.85 |
| Mtshbsh Fin Grp | **68.90** | 497 | 11 | 2.26 |
| Nippon Yusen | **56.28** | 259 | 5 | 1.97 |

### Kospi
South Korea 1615.00
▲ **1.47% or 23.37**

This benchmark rose for the fourth consecutive day, this time led by gains in technology stocks and shipbuilders. LG Electronics jumped 8.2%.




| Stock | Volume in millions | Close | Change Net | Change % |
|---|---|---|---|---|
| DaewooElec | **15.73** | 180.00 | –20.00 | –10.00 |
| Kco Energy | **12.58** | 570.00 | –20.00 | –3.39 |
| Dongyang Steel | **10.49** | 1,290.00 | –25.00 | –1.90 |
| Ssangyong Motor | **8.04** | 3,115.00 | 165.00 | 5.59 |
| Hynix Semi | **7.40** | 19,450.00 | 250.00 | 1.30 |

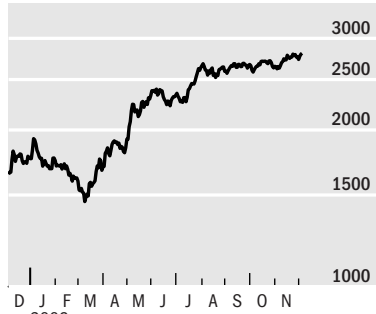
### Hang Seng
Hong Kong 22553.87
▲ **1.19% or 264.30**

Blue-chip developers got a boost from Henderson Land's ambitious development plans for 2010. Henderson Land climbed 6%, and Hang Lung Properties rose 2.9%.

| Stock | Volume in millions | Close | Change Net | Change % |
|---|---|---|---|---|
| Icbc | **293.55** | 6.75 | 0.01 | 0.15 |
| Bank Of China | **236.11** | 4.53 | 0.09 | 2.03 |
| CCB | **217.50** | 7.20 | 0.06 | 0.84 |
| ChinaPetroChem | **83.25** | 6.62 | 0.03 | 0.46 |
| Chalco | **82.09** | 9.07 | 0.29 | 3.30 |

### Straits-Times
Singapore 2808.18
▲ **0.42% or 11.84**

The index set its highest close this year, as gains for 2009 reached 59%. Newly listed CapitaMalls Asia gained 5.9% on being named to the MSCI Singapore benchmark.

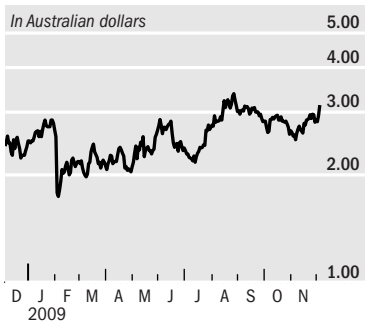



| Stock | Volume in millions | Close | Change Net | Change % |
|---|---|---|---|---|
| Golden Agri | **84.08** | 0.48 | 0.01 | 2.13 |
| Genting Spore | **61.14** | 1.09 | ... | ... |
| NeptuneOrient | **28.69** | 1.57 | 0.04 | 2.61 |
| Sing Telecom | **14.08** | 3.04 | 0.02 | 0.66 |
| CapitaLand | **11.95** | 4.11 | 0.02 | 0.49 |

## Asian stocks in the news

### Incitec Pivot
Australia A$3.14
▲ **6.8% or A$0.20**

The fertilizer maker advanced after bullish comments from Potash on North American demand.




| Price-to-earnings ratio | None |
|---|---|
| Earnings per share, past four quarters | -0.12 |
| Dividend yield | 0.7 |

| | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
|---|---|---|---|
| Chemicals | **2.6%** | 4.8% | 58.9% |
| Incitec Pivot | **6.8%** | 6.4% | 30.3% |

### Tokyo Electron
Japan ¥5,410
▲ **7.1% or ¥360**

Chip-related stocks rose after the tech-heavy Nasdaq Composite gained overnight.

| Price-to-earnings ratio | None |
|---|---|
| Earnings per share, past four quarters | -127.30 |
| Dividend yield | 0.1 |

| | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
|---|---|---|---|
| Technology | **1.5%** | 2.1% | 84.2% |
| Tokyo Electron | **7.1%** | 13.7% | 125.4% |

### GS Yuasa
Japan ¥684
▲ **7.5% or ¥48**

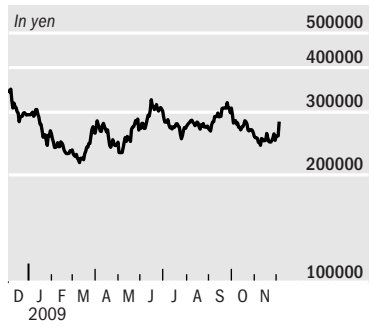
Shares of the car-battery maker soared on hopes for increased demand.

| Price-to-earnings ratio | 114 |
|---|---|
| Earnings per share, past four quarters | 6.00 |
| Dividend yield | 0.7 |

| | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
|---|---|---|---|
| Automobiles & Parts | **3.7%** | 7.5% | 79.0% |
| GS Yuasa | **7.5%** | 12.9% | 119.2% |

### Japan Tobacco
Japan ¥282,200
▲ **9.7% or ¥24,900**

Shares jumped on a report that a planned tobacco tax increase is likely to be smaller than feared.




| Price-to-earnings ratio | 26 |
|---|---|
| Earnings per share, past four quarters | 10800.00 |
| Dividend yield | 2.0 |

| | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
|---|---|---|---|
| Personal & Hshld Gds | **2.2%** | 2.5% | 30.4% |
| Japan Tobacco | **9.7%** | 8.2% | -16.8% |

### Mitsubishi Motors
Japan ¥135
▲ **13.4% or ¥16**

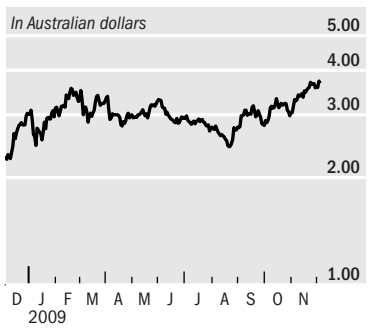
The auto maker rose on news it is in talks with Peugeot Citroen about a capital tie-up.

| Price-to-earnings ratio | None |
|---|---|
| Earnings per share, past four quarters | -2.70 |
| Dividend yield | None |

| | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
|---|---|---|---|
| Automobiles & Parts | **3.7%** | 7.5% | 79.0% |
| Mitsubishi Motors | **13.4%** | 18.4% | 12.5% |

### Lihir Gold
Australia A$3.68
▼ **1.3% or A$0.05**

Shares fell as the sector was hit by profit-taking, despite spot gold's rise.

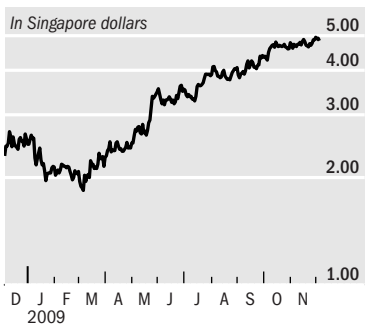



| Price-to-earnings ratio | None |
|---|---|
| Earnings per share, past four quarters | -0.10 |
| Dividend yield | 0.4 |

| | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
|---|---|---|---|
| Basic Resources | **1.1%** | 3.7% | 99.2% |
| Lihir Gold | **-1.3%** | 0.3% | 60.0% |

### Hongkong Land
Singapore S$4.84
▼ **1.6% or S$0.08**

The property concern's shares declined in an overall higher market.

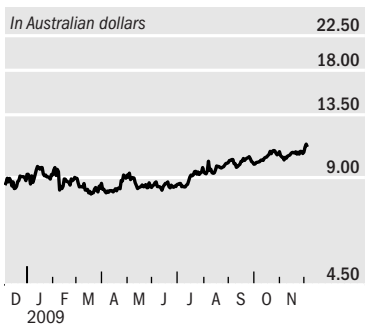



| Price-to-earnings ratio | None |
|---|---|
| Earnings per share, past four quarters | -0.94 |
| Dividend yield | 2.7 |

| | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
|---|---|---|---|
| Real Estate | **1.0%** | 4.8% | 63.7% |
| Hongkong Land | **-1.6%** | -0.6% | 110.4% |

### Coca-Cola Amatil
Australia A$10.97
▼ **1.8% or A$0.20**

The company's shares ended lower, breaking a three-day winning streak.

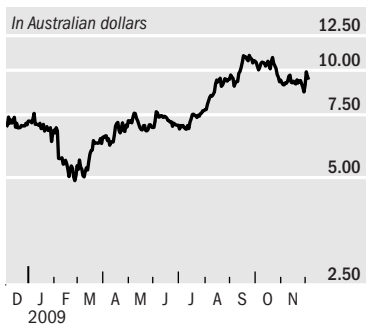



| Price-to-earnings ratio | 20 |
|---|---|
| Earnings per share, past four quarters | 0.55 |
| Dividend yield | 1.7 |

| | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
|---|---|---|---|
| Food & Beverage | **1.1%** | 3.1% | 43.9% |
| Coca-Cola Amatil | **-1.8%** | 3.0% | 28.0% |

### Lend Lease Group
Australia A$9.41
▼ **2.1% or A$0.20**

Shares fell again, after rising Tuesday when the firm won a contract to run a redevelopment project.




| Price-to-earnings ratio | None |
|---|---|
| Earnings per share, past four quarters | -1.65 |
| Dividend yield | 1.7 |

| | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
|---|---|---|---|
| Real Estate | **1.0%** | 4.8% | 63.7% |
| Lend Lease Group | **-2.1%** | 4.9% | 35.6% |

### Brambles
Australia A$6.47
▼ **2.6% or A$0.17**

The company gave back gains from previous trading sessions.

| Price-to-earnings ratio | 16 |
|---|---|
| Earnings per share, past four quarters | 0.40 |
| Dividend yield | 1.9 |

| | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
|---|---|---|---|
| Indus Gds & Svcs | **2.1%** | 3.6% | 64.2% |
| Brambles | **-2.6%** | -3.6% | -10.8% |

# HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

## Peugeot risks Japan car ride

A financial car wreck for so many years, **Mitsubishi Motors** seems to have caught another investor's eye.

The company is in talks with **PSA Peugeot Citroën** that could lead to it selling the French auto maker a major stake. Finding themselves most relieved about this, no doubt, are some of Peugeot's predecessors, namely the Mitsubishi *keiretsu* group companies that have bailed out the Japanese auto maker in the past.

Other than being off the hook for another cash infusion, these companies could find themselves bought out of much of the preferred shares they own. The shares were acquired mostly in 2004 and 2005 for some $3.4 billion in cash and debt-equity swaps, Dealogic says, as they rescued the car maker.

Mitsubishi Motors has yet to pay a dividend on the preferred stock: It can't while it has retained losses on its balance sheet, currently standing at $9.3 billion. It will take years to fill that hole; in the year through March, the company is forecast to earn $57 million. Once it does, however, the company will be on the hook for a substantial chunk of its cash flow. The preferred-stock dividends will cost it some $230 million a year. Mitsubishi hasn't paid a common-stock dividend in a decade.

So buying back the preferreds is a no-brainer for Mitsubishi Motors and that would help its previous backers, companies like **Mitsubishi Heavy Industries** and **Mitsubishi** Corp. Another benefit? A Peugeot-Mitsubishi tie-up would be the No. 6 auto company by unit sales in the world, which could help achieve some economies of scale that would bolster profits, including raising utilization rates at Mitsubishi's U.S. plant and letting it shut down a plant in the Netherlands.

Peugeot, on the other hand, gets access to Mitsubishi's electric-car technology and its emerging-market sales networks. But for this, it would be teaming up with a still-struggling company. Expected revenue in March will be down 30% from where it stood five years ago.

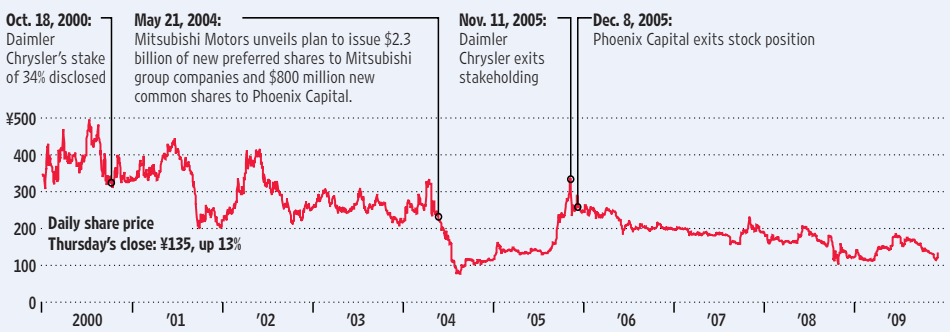
The Mitsubishi keiretsu companies aren't the only ones with a cautionary tale about investing in Mitsubishi Motors. Daimler Chrysler, as it was then called, in 2000 bought a 34% stake in Mitsubishi Motors, only to dump its holding in late 2005 after a recall fiasco and plunging sales led Mitsubishi Motors into massive losses, nearly $5.5 billion that year.

Now, it could be Peugeot's turn for a ride.

*—James Simms*

**Going for a ride**

Mitsubishi Motors has had a long list of institutional shareholders.




Sources: Thomson Reuters Datastream, the company and Dealogic; Reuters (photo)

## The force behind crude's unlikely rise

If Isaac Newton were alive today, oil prices might just make him doubt the whole gravity thing.

This should have been a hellish week for crude prices, yet they remain higher than last Friday's close. The latest updates from the U.S. Department of Energy were nothing short of diabolical.

Monday's monthly report revised overall demand in September down by more than half a million barrels a day.

At 18.4 million barrels, it was up from the year before, but comparisons with the month Lehman Brothers collapsed tend to flatter. Demand in September 2007 was 20.4 million barrels a day.

Wednesday's weekly report showed inventories are, in contrast, overflowing. Domestic production of oil has actually risen by about 450,000 barrels a day in the past year. Refiners are chugging along at a low utilization rate of about 80%.

Oil's buoyancy in the face of all this points to the effect of cheap money. Low rates are pushing investor dollars into riskier assets, in part to hedge against a weaker buck.

Oil's correlation with the greenback has leapt from 20% to 30% in May to almost 70%. As with many other asset classes in this period of extraordinarily lax monetary policy, prices appear less subject to fundamentals, and more to cosmic forces.

*—Liam Denning*

## The U.S. shows its hand on bank-capital standards

**Bank of America** is being fashioned into the archetypal bank of America.

The BofA saga hasn't been happy, but one advantage was that it gave the Treasury and regulators the ability to influence heavily how the nation's largest lender would look.

With BofA looking to raise $18.8 billion in equity to pay off most of the government's stake, investors now have an even clearer picture of how banking authorities would like to shape the system.

The biggest takeaway is that, at least for now, large banks will have to hold far more high-quality capital than before the bust. BofA's Tier 1 common-equity ratio could rise to 8.5% from 7.25% in the third quarter, more than twice the minimum Tier 1 common equity required by the government stress tests in May.

Cries that banks are being forced to hold too much capital should be ignored. A weak economy could keep bad loans at elevated levels—and no one knows what shocks could be in store when the Fed withdraws its extraordinary stimulus.

*—Peter Eavis*

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